

(II) THE CALENDAR YEAR STATUTORY VALUATION INTEREST RATE FOR LIFE INSURANCE IS:

$$I = .03 + W(R1 - .03) + W/2(R2 - .09).$$

(III) THE CALENDAR YEAR STATUTORY VALUATION INTEREST RATE FOR A SINGLE PREMIUM IMMEDIATE ANNUITY OR FOR AN ANNUITY BENEFIT INVOLVING A LIFE CONTINGENCY ARISING FROM ANOTHER ANNUITY OR GUARANTEED INTEREST CONTRACT THAT HAS A CASH SETTLEMENT OPTION IS:

$$I = .03 + W(R - .03).$$

(IV) EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF THIS PARAGRAPH, FOR AN ANNUITY OR GUARANTEED INTEREST CONTRACT THAT HAS A CASH SETTLEMENT OPTION AND IS VALUED ON AN ISSUE YEAR BASIS:

1. THE FORMULA FOR LIFE INSURANCE UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH APPLIES IF THE ANNUITY OR GUARANTEED INTEREST CONTRACT HAS A GUARANTEE DURATION GREATER THAN 10 YEARS; AND

2. THE FORMULA FOR SINGLE PREMIUM ANNUITIES UNDER SUBPARAGRAPH (III) OF THIS PARAGRAPH APPLIES IF THE ANNUITY OR GUARANTEED INTEREST CONTRACT HAS A GUARANTEE DURATION OF 10 YEARS OR LESS.

(V) THE FORMULA FOR SINGLE PREMIUM ANNUITIES UNDER SUBPARAGRAPH (III) OF THIS PARAGRAPH APPLIES TO ANY OTHER ANNUITY OR GUARANTEED INTEREST CONTRACT THAT DOES NOT HAVE A CASH SETTLEMENT OPTION.

(VI) THE FORMULA FOR SINGLE PREMIUM ANNUITIES UNDER SUBPARAGRAPH (III) OF THIS PARAGRAPH APPLIES TO ANY OTHER ANNUITY OR GUARANTEED INTEREST CONTRACT THAT HAS A CASH SETTLEMENT OPTION AND IS VALUED ON A CHANGE IN FUND BASIS.

(3) (I) IF THE CALENDAR YEAR STATUTORY VALUATION INTEREST RATE FOR A LIFE INSURANCE POLICY ISSUED IN ANY CALENDAR YEAR DETERMINED WITHOUT REFERENCE TO THIS PARAGRAPH DIFFERS FROM THE CORRESPONDING ACTUAL RATE FOR A SIMILAR POLICY ISSUED IN THE IMMEDIATELY PRECEDING CALENDAR YEAR BY LESS THAN 0.5%, THE CALENDAR YEAR STATUTORY VALUATION INTEREST RATE FOR THAT LIFE INSURANCE POLICY SHALL EQUAL THE CORRESPONDING ACTUAL RATE FOR THE IMMEDIATELY PRECEDING CALENDAR YEAR.

(II) FOR PURPOSES OF THIS PARAGRAPH, THE CALENDAR YEAR STATUTORY VALUATION INTEREST RATE FOR A LIFE INSURANCE POLICY ISSUED IN A CALENDAR YEAR SHALL BE:

1. DETERMINED FOR 1980 USING THE REFERENCE INTEREST RATE DETERMINED FOR 1979; AND