

**ALABAMA DEPARTMENT OF INSURANCE  
INSURANCE REGULATION**

**CHAPTER 482-1-076**

**ALABAMA PROCEDURES FOR RECOGNIZING A NEW  
ANNUITY MORTALITY TABLE FOR USE IN  
DETERMINING RESERVE LIABILITIES FOR ANNUITIES**

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**ALABAMA INSURANCE REGULATION**  
**Chapter 482-1-076**

**482-1-076-.01 Authority.** This Chapter is promulgated by the Commissioner of Insurance pursuant to Sections 27-2-17 and 27-36-7, Code of Alabama, 1975.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, §§ 27-2-17, 27-36-7

**History:** New: December 6, 1985, Effective December 16, 1985; Revised October 23, 1998, Effective January 1, 1999

**482-1-076-.02 Purpose.** The purpose of this Chapter is to recognize the following mortality tables for use in determining the minimum standard of valuation for annuity and pure endowment contracts: the 1983 Table "a," the 1983 Group Annuity Mortality (1983 GAM) Table, the Annuity 2000 Mortality Table, and the 1994 Group Annuity Reserving (1994 GAR) Table.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, §§ 27-2-17, 27-36-7

**History:** New: December 6, 1985, Effective December 16, 1985; Revised October 23, 1998, Effective January 1, 1999

**482-1-076-.03 Definitions.** The following definitions shall apply for purposes of this Chapter:

(a) 1983 Table "a". That mortality table developed by the Society of Actuaries Committee to Recommend a New Mortality Basis for Individual Annuity Valuation and adopted as a recognized mortality table for annuities in June, 1982, by the National Association of Insurance Commissioners. [See 1982 Proceedings of the NAIC II, page 454.]

(b) 1983 GAM Table. That mortality table developed by the Society of Actuaries Committee on Annuities and adopted as a recognized mortality table for annuities in December, 1983, by the National Association of Insurance Commissioners. [See 1984 Proceedings of the NAIC I, pages 414 to 415.]

(c) 1994 GAR Table. That mortality table developed by the Society of Actuaries Group Annuity Valuation Table Task Force. The 1994 GAR Table is included in the report on pages 865-919 of Volume XLVII of the *Transactions of the Society of Actuaries* (1995).

(d) Annuity 2000 Mortality Table. That mortality table developed by the Society of Actuaries Committee on Life Insurance Research. The Annuity 2000 Mortality Table is included in the report on pages 211-249 of Volume XLVII of the *Transactions of the Society of Actuaries* (1995).

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**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, §§ 27-2-17, 27-36-7

**History:** New: December 6, 1985, Effective December 16, 1985; Revised October 23, 1998, Effective January 1, 1999

**482-1-076-.04 Individual Annuity or Pure Endowment Contracts.**

(1) Except as provided in Paragraphs (2) and (3) of this Rule, the 1983 Table "a" is recognized and approved as an individual annuity mortality table for valuation and, at the option of the company, may be used for purposes of determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after July 30, 1979.

(2) Except as provided in Paragraph (3) of this Rule, either the 1983 Table "a" or the Annuity 2000 Mortality Table shall be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after January 1, 1987.

(3) Except as provided in Paragraph (4) of this Rule, the Annuity 2000 Mortality Table shall be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after January 1, 1999.

(4) The 1983 Table "a" without projection is to be used for determining the minimum standards of valuation for an individual annuity or pure endowment contract issued on or after January 1, 1999, solely when the contract is based on life contingencies and is issued to fund periodic benefits arising from:

(a) Settlements of various forms of claims pertaining to court settlements or out of court settlements from tort actions;

(b) Settlements involving similar actions such as worker's compensation claims;  
or

(c) Settlements of long term disability claims where a temporary or life annuity has been used in lieu of continuing disability payments.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, §§ 27-2-17, 27-36-7

**History:** New: December 6, 1985, Effective December 16, 1985; Revised October 23, 1998, Effective January 1, 1999

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**482-1-076-.05 Group Annuity or Pure Endowment Contracts.**

(1) Except as provided in Paragraphs (2) and (3) of this Rule, the 1983 GAM Table, the 1983 Table "a" and the 1994 GAR Table are recognized and approved as group annuity mortality tables for valuation and, at the option of the company, any one of these tables may be used for purposes of valuation for any annuity or pure endowment purchased on or after July 30, 1979, under a group annuity or pure endowment contract.

(2) Except as provided in Paragraph (3) of this Rule, either the 1983 GAM Table or the 1994 GAR Table shall be used for determining the minimum standard of valuation for any annuity or pure endowment purchased on or after January 1, 1987, under a group annuity or pure endowment contract.

(3) The 1994 GAR Table shall be used for determining the minimum standard of valuation for any annuity or pure endowment purchased on or after January 1, 1999, under a group annuity or pure endowment contract.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, §§ 27-2-17, 27-36-7

**History:** New: December 6, 1985, Effective December 16, 1985; Revised October 23, 1998, Effective January 1, 1999

**482-1-076-.06 Application of the 1994 GAR Table.** In using the 1994 GAR Table, the mortality rate for a person age  $x$  in year  $(1994 + n)$  is calculated as follows:

$$q_x^{1994+n} = q_x^{1994} (1 - AA_x)^n$$

where the  $q_x^{1994}$ s and  $AA_x$ s are as specified in the 1994 GAR Table.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, §§ 27-2-17, 27-36-7

**History:** New: October 23, 1998, Effective January 1, 1999

**482-1-076-.07 Separability.** If any provision of this Chapter or the application thereof to any person or circumstances is for any reason held to be invalid, the remainder of the Chapter and the application of such provision to other persons or circumstances shall not be affected thereby.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, §§ 27-2-17, 27-36-7

**History:** New: December 6, 1985, Effective December 16, 1985; Revised October 23, 1998, Effective January 1, 1999

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**482-1-076-.08 Effective Date.** The provisions of this Chapter shall become effective January 1, 1999, upon its approval by the Commissioner of Insurance, and upon its having been on file as a public document in the office of the Secretary of State for ten days.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, §§ 27-2-17, 27-36-7

**History:** New: December 6, 1985, Effective December 16, 1985; Revised October 23, 1998, Effective January 1, 1999