



Senate Bill No. 359

Public Act No. 22-91

**AN ACT CONCERNING THE INSURANCE DEPARTMENT'S
RECOMMENDATIONS REGARDING THE STANDARD
NONFORFEITURE LAW FOR LIFE INSURANCE.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (c) of section 38a-440 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022, and applicable to policies delivered, issued for delivery, renewed, amended or continued on or after October 1, 2022*):

(c) The minimum values as specified in subsections (d), (e), (f), (g) and (i) of this section of any paid-up annuity, cash surrender or death benefits available under an annuity contract shall be based upon minimum nonforfeiture amounts as defined in this subsection: (1) The minimum nonforfeiture amount at any time at or prior to the commencement of any annuity payments shall be equal to an accumulation up to such time at rates of interest, as indicated in subdivision (3) of this subsection, of the net considerations, as defined in this subsection, paid prior to such time, decreased by the sum of (A) any prior withdrawals from or partial surrenders of the contract accumulated at rates of interest as indicated in subdivision (3) of this subsection; (B) an annual contract charge of fifty dollars, accumulated at rates of interest as indicated in subdivision (3) of this subsection; and

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(C) the amount of any indebtedness to the company on the contract, including interest due and accrued. (2) The net considerations for a given contract year used to define the minimum nonforfeiture amount shall be an amount equal to eighty-seven and one-half per cent of the gross considerations credited to the contract during that contract year. (3) The interest rate used in determining minimum nonforfeiture amounts shall be an annual rate of interest determined as the lesser of three per cent per annum or the rate calculated pursuant to subparagraphs (A) to (D), inclusive, of this subdivision, which shall be specified in the contract if the interest rate will be reset: (A) The five-year Constant Maturity Treasury Rate reported by the Federal Reserve as of a date, or average over a period of time, rounded to the nearest one-twentieth of one per cent, specified in the contract no later than fifteen months prior to the contract issue date or redetermination date under subparagraph (D) of this subdivision; (B) reduced by one hundred twenty-five basis points; (C) where the resulting interest rate is not less than [one per cent] 15 basis points which equals 0.15 per cent; and (D) where such interest rate applies for an initial period of time and may be redetermined for additional periods of time. The redetermination date, basis and period, if any, shall be stated in the contract. The basis is the date or average over a specified period of time that produces the value of the five-year Constant Maturity Treasury Rate to be used at each redetermination date. (4) During the period of time or term that a contract provides substantive participation in an equity indexed benefit, the contract may increase the reduction described in subparagraph (B) of subdivision (3) of this subsection by an amount up to an additional one hundred basis points to reflect the value of the equity index benefit. The present value at the contract issue date, and at each redetermination date thereafter, of the additional reduction shall not exceed the market value of the benefit. The commissioner may require a demonstration that the present value of the additional reduction does not exceed the market value of the benefit. If there is no such demonstration that is acceptable to the commissioner,

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the commissioner may disallow or limit the additional reduction. (5) The commissioner may adopt regulations, in accordance with chapter 54, to implement the provisions of subdivision (4) of this subsection and to provide for further adjustments to the calculation of minimum nonforfeiture amounts for contracts that provide substantive participation in an equity index benefit and for other contracts for which the commissioner determines adjustments are justified.

Approved May 24, 2022