

Introduced: 3/6/78
Referred: Commerce

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 HOUSE BILL NO. 872

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to interest rates used in calculating
7 reserves for life insurance policies; and providing for
8 an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 21.18.110(b) is amended to read:

11 (b) This subsection applies to only those policies and contracts
12 issued on or after the operative date of AS 21.45.300 except as other-
13 wise provided in (6) of this subsection for group annuity and pure en-
14 dowment contracts issued before that operative date:

15 (1) Except as otherwise provided in (6) of this subsection,
16 the [THE] minimum standard for the valuation of all these policies and
17 contracts shall be the Commissioner's Reserve Valuation Methods [METHOD]
18 defined in (b)(2), (7) and (8) of this section, three and one-half
19 [3 1/2] per cent interest, or in the case of policies and contracts,
20 other than annuity and pure endowment contracts, issued on or after
21 July 1, 1978, five and one-half per cent interest for single premium
22 life insurance policies and four and one-half per cent interest for all
23 other policies, and the following tables:

24 (A) for all ordinary policies of life insurance issued
25 on the standard basis, excluding disability and accidental death
26 benefits in the policies -- the Commissioner's 1958 Standard
27 Ordinary Mortality Table, except that for a category of policies
28 issued on female risks, modified net premiums and present values,
29 referred to in (b)(2) of this section may be calculated [--]

1 according to an age not more than six [THREE] years younger than the
2 actual age of the insured;

3 (B) for all industrial life insurance policies issued
4 on the standard basis, excluding disability and accidental death
5 benefits in the policies -- the 1941 Standard Industrial Mortality
6 Table for the policies issued before the operative [EFFECTIVE] date
7 of AS 21.45.300(j), of the Standard Nonforfeiture Law, and the
8 Commissioner's 1961 Standard Industrial Mortality Table for the
9 policies issued on or after the operative date;

10 (C) for individual annuity and pure endowment contracts,
11 excluding disability and accidental death benefits in the policies
12 -- the 1937 Standard Annuity Mortality Table, or, at the option of
13 the insurer, the Annuity Mortality Table for 1949, ultimate, or
14 any modification of either of these tables approved by the direc-
15 tor;

16 (D) for group annuity and pure endowment contracts, ex-
17 cluding disability and accidental death benefits in the policies --
18 the group annuity mortality table for 1951, any modification of the
19 table approved by the director, or, at the option of the insurer,
20 any of the tables or modifications of tables specified for indivi-
21 dual annuity and pure endowment contracts;

22 (E) for total and permanent disability benefits in or
23 supplementary to ordinary policies or contracts -- the tables of
24 period 2 disablement rates and the 1930 to 1950 termination rates
25 of the 1952 disability study of the society of actuaries, with due
26 regard to the type of benefit; the table shall, for active lives,
27 be combined with a mortality table permitted for calculating the
28 reserves for life insurance policies;

29 (F) for accidental death benefits in or supplementary to

1 policies -- the 1959 Accidental Death Benefits Table [--] combined
2 with a mortality table permitted for calculating the reserves for
3 life insurance policies;

4 (G) for group life insurance, life insurance issued on
5 the substandard basis and other special benefits -- tables approved
6 by the director.

7 (2) Except as otherwise provided in (5) and (8) of this sub-
8 section, reserves [RESERVES] according to the Commissioner's Reserve
9 Valuation Method, for the life insurance and endowment benefits of po-
10 licies providing for a uniform amount of insurance and requiring the
11 payment of uniform premiums shall be the excess, if any, of the present
12 value, at the date of valuation, of the future guaranteed benefits pro-
13 vided for by the policies, over the then present value of any future
14 modified net premiums; the modified net premiums for the policy shall be
15 the uniform percentage of the respective contract premiums for the bene-
16 fits that the present value, at the date of issue of the policy, of all
17 the modified net premiums shall be equal to the sum of then present
18 value of the benefits provided for by the policy and the excess of (A)
19 over (B), as follows:

20 (A) a net level annual premium equal to the present
21 value, at the date of issue, of the benefits provided for after the
22 first policy year, divided by the present value, at the date of
23 issue of an annuity of one a year [PER CENT PER ANNUM] payable
24 on the first and each subsequent anniversary of the policy on which
25 a premium falls due; however, [PROVIDED, THAT] the net level annual
26 premium may [SHALL] not exceed the net level annual premium on the
27 19 year premium whole life plan for insurance of the same amount at
28 an age one year higher than the age at issue of the policy;

29 (B) a net one-year term premium for the benefits provided

1 for in the first policy year;

2 (C) reserves according to the Commissioner's Reserve
3 Valuation Method for

4 (i) life insurance policies providing for a
5 varying amount of insurance or requiring the payment of varying
6 premiums,

7 (ii) group annuity and pure endowment contracts pur-
8 chased under a retirement plan or plan of deferred compensa-
9 tion, established or maintained by an employer (including a
10 partnership or sole proprietorship) or by an employee organiza-
11 tion, or by both, other than a plan providing individual re-
12 retirement accounts or individual retirement annuities under
13 sec. 408 of the Internal Revenue Code, as amended,

14 (iii) disability and accidental death benefits in all
15 policies and contracts,

16 (iv) all other benefits, except life insurance and
17 endowment benefits in life insurance policies and benefits
18 provided by all other annuity and pure endowment contracts,
19 shall be calculated by a method consistent with the principles
20 of (b)(2) of this section, except that any extra premiums
21 charged because of impairments or special hazards shall be
22 disregarded in the determination of modified net premiums.

23 (3) In no event may an insurer's aggregate reserves for all
24 life insurance policies, excluding disability and accidental death bene-
25 fits, be less than the aggregate reserves calculated in accordance with
26 the methods [METHOD] set out in (b)(2), (5) and (8) of this section, and
27 the mortality table or tables and rate or rates of interest used in
28 calculating nonforfeiture benefits for such policies.

29 (4) Reserves for any category of policies, contracts or

1 benefits as established by the director, may be calculated at the option
2 of the insurer according to standards which produce greater aggregate
3 reserves for the category than those calculated according to the minimum
4 standard provided in this section, but the rate or rates of interest
5 used for policies and contracts, other than annuity and pure endowment
6 contracts, may not be higher than the corresponding rate or rates of
7 interest used in calculating nonforfeiture [NONFEITURE] benefits pro-
8 vided for in the policy or contract [THEREIN; PROVIDED THAT RESERVES FOR
9 PARTICIPATING LIFE INSURANCE POLICIES MAY, WITH THE CONSENT OF THE DI-
10 RECTOR, BE CALCULATED ACCORDING TO A RATE OF INTEREST LOWER THAN THE
11 RATE OF INTEREST USED IN CALCULATING THE NONFORFEITURE BENEFITS IN THE
12 TPOLICIES, WITH THE FURTHER PROVISO THAT IF THE LOWER RATE DIFFERS FROM
13 THE RATE USED IN THE CALCULATION OF THE NONFORFEITURE BENEFITS BY MORE
14 THAN 1/2 PER CENT THE INSURER ISSUEING THE POLICIES SHALL FILE WITH THE
15 DIRECTOR A PLAN PROVIDING FOR THE EQUITABLE INCREASES, IF ANY, IN THE
16 CASH SURRENDER VALUES AND NONFORFEITURE BENEFITS IN THE POLICIES AS THE
17 DIRECTOR APPROVES].

18 (5) If in any contract year [DEFICIENCY RESERVES: IF] the
19 gross premium charged by a life insurer on a policy or contract is less
20 than the valuation net premium for the policy or contract calculated by
21 the [ACCORDING TO THE MORTALITY TABLE, RATE OF INTEREST AND] method used
22 in calculating the reserve on the policy or contract but using the mini-
23 imum valuation standards of mortality and rate of interest, the minimum
24 reserve required for that policy or contract shall be the greater of
25 either the reserve calculated according to the mortality table, rate of
26 interest, and method actually used for the policy or contract, or the
27 reserve calculated by the method actually used for the policy or con-
28 tract but using the minimum standards of mortality and rate of interest
29 and replacing the valuation net premium by the actual gross premium in

1 each contract year for which the valuation net premium exceeds the
2 actual gross premium [, THERE SHALL BE MAINTAINED ON THE POLICY OR
3 CONTRACT A DEFICIENCY RESERVE IN ADDITION TO ALL OTHER RESERVES REQUIRED
4 BY LAW; FOR EACH POLICY OR CONTRACT THE DEFICIENCY RESERVE SHALL BE THE
5 PRESENT VALUE, ACCORDING TO THE STANDARD, OF AN ANNUITY OF THE DIF-
6 ERENCE BETWEEN THE NET PREMIUM AND THE PREMIUM CHARGED FOR THE POLICY
7 OR CONTRACT, RUNNING FOR THE REMAINDER OF THE PREMIUM-PAYING PERIOD].

8 (6) The minimum standard for the valuation of all individual
9 annuity and pure endowment contracts issued on or after the operative
10 date of this paragraph as set out in (7) of this subsection and for all
11 annuities and pure endowments purchased on or after that date under group
12 annuity and pure endowment contracts, shall be the Commissioner's Re-
13 serve Valuation Methods defined in (2) and (8) of this subsection and
14 the following tables and interest rates:

15 (A) for individual single premium immediate annuity con-
16 tracts, excluding any disability and accidental death benefits in
17 such contracts -- the 1971 individual annuity mortality table, or
18 any modification of this table approved by the commissioner, and
19 seven and one-half per cent interest;

20 (B) for individual annuity and pure endowment contracts,
21 other than single premium immediate annuity contracts, excluding
22 any disability and accidental death benefits in such contracts --
23 the 1971 individual annuity mortality table, or any modification of
24 this table approved by the commissioner, and five and one-half per
25 cent interest for single premium deferred annuity and pure endow-
26 ment contracts and four and one-half per cent interest for all
27 other such individual annuity and pure endowment contracts;

28 (C) for all annuities and pure endowments purchased
29 under group annuity and pure endowment contracts, excluding any

1 disability and accidental death benefits purchased under such con-
2 tracts -- the 1971 group annuity mortality table, or any modifica-
3 tion of this table approved by the commissioner, and seven and one-
4 half per cent interest.

5 (7) After July 1, 1978, and insurer may file with the direc-
6 tor a written notice of its election to comply with the provisions of (6)
7 of this subsection after a specified date before January 1, 1979, which
8 shall be the operative date of that requirement for the insurer; how-
9 ever, an insurer may elect a different operative date for individual
10 annuity and pure endowment contracts from that elected for group annuity
11 and pure endowment contracts. If an insurer makes no election, the
12 operative date of (6) of this subsection for the insurer is January 1,
13 1979.

14 (8) This section applies to all annuity and pure endowment
15 contracts other than group annuity and pure endowment contracts purchased
16 under a retirement plan or plan of deferred compensation, established or
17 maintained by an employer (including a partnership or sole proprietor-
18 ship) or by an employee organization, or by both, other than a plan pro-
19 viding individual retirement accounts or individual retirement annuities
20 under sec. 408 of the Internal Revenue Code, as amended. Reserves
21 according to the Commissioner's Annuity Reserve Method for benefits
22 under annuity or pure endowment contracts, excluding any disability and
23 accidental death benefits in those contracts, shall be the greatest of
24 the respective excesses of the present values, at the date of valuation,
25 of the future guaranteed benefits, including guaranteed nonforfeiture
26 benefits, provided for by those contracts at the end of each respective
27 contract year, over the present value, at the date of valuation, of any
28 future valuation considerations derived from future gross considerations,
29 required by the terms of such contract, that become payable before the

1 end of that respective contract year. The future guaranteed benefits
2 shall be determined by using the mortality table, if any, and the in-
3 terest rate, or rates, specified in such contracts for determining
4 guaranteed benefits. The valuation considerations are the portions of
5 the respective gross considerations applied under the terms of those
6 contracts to determine nonforfeiture values.

7 * Sec. 2. AS 21.45.300(i) is amended to read:

8 (i) All adjusted premiums and present values referred to in this
9 section shall for all policies of ordinary insurance be calculated on
10 the basis of the Commissioner's 1958 Standard Ordinary Mortality Table,
11 except that for any category of ordinary insurance issued on female
12 risks, adjusted premiums and present values may be calculated according
13 to an age not more than six [THREE] years younger than the actual age
14 of the insured. Except as provided in (j) of this section, the calcula-
15 tions for all policies of industrial insurance shall be made on the
16 basis of the 1941 Standard Industrial Mortality Table. All calculations
17 shall be made on the basis of the rate of interest [, NOT EXCEEDING
18 THREE AND ONE-HALF PER CENT A YEAR,] specified in the policy for calcula-
19 ting cash surrender values and paid-up nonforfeiture benefits; however,
20 that specified rate of interest may not exceed three and one-half per
21 cent a year except that a rate of interest not exceeding five and one-
22 half per cent a year may be used for policies issued on or after July 1,
23 1978, except that for any single premium whole life or endowment in-
24 surance policy a rate of interest not exceeding six and one-half per
25 cent a year may be used and [,] except that in calculating the present
26 value of paid-up term insurance with accompanying pure endowment, if
27 any, offered as a nonforfeiture benefit, the rates of mortality assumed
28 in the case of policies of ordinary insurance, may be not more than those
29 shown in the Commissioner's 1958 Extended Term Insurance Table, and in

1 the case of policies of industrial insurance, may be not more than 130
2 per cent of the rates of mortality according to the 1941 Standard In-
3 dustrial Mortality Table, and [(2)] for insurance issued on a substan-
4 dard basis, the calculation of the adjusted premiums and present values
5 may be based on such other table of mortality as may be specified by
6 the insurer and approved by the director.

7 * Sec. 3. AS 21.45.300(j) is amended to read:

8 (j) In case of industrial policies issued on or after the operative
9 date of this subsection as defined in (k) of this section, all adjusted
10 premiums and present values referred to in this section shall be calcu-
11 lated on the basis of the Commissioners 1961 Standard Industrial
12 Mortality Table and the rate of interest [, NOT EXCEEDING THREE AND ONE-
13 HALF PER CENT A YEAR,] specified in the policy for calculating cash
14 surrender values and paid-up nonforfeiture benefits; however, that spe-
15 cialized rate of interest may not exceed three and one-half per cent a
16 year except that a rate of interest not exceeding five and one-half per
17 cent a year may be used for policies issued on or after July 1, 1978,
18 except that for any single premium whole life or endowment insurance
19 policy a rate of interest not exceeding six and one-half per cent a year
20 may be used and [,] except that in [AS OTHERWISE PROVIDED IN THIS SUB-
21 SECTION. IN] calculating the present value of [A] paid-up term in-
22 insurance with accompanying pure endowment, if any, offered as a nonfor-
23 feiture benefit, the rates of mortality assumed may be not more than
24 those shown in the Commissioners 1961 Industrial Extended Term Insurance
25 Table. The calculation of the adjusted premiums and present values
26 [VALUE] for insurance issued on a substandard basis may be based on a
27 table of mortality specified by the insurer and approved by the director.

28 * Sec. 4. AS 21.45 is amended by adding a new section to read:

29 Sec. 21.45.305. STANDARD NONFORFEITURE LAW FOR INDIVIDUAL DEFERRED

1 ANNUITIES. (a) This section does not apply to any reinsurance, group
2 annuity purchased under a retirement plan or plan of deferred compensa-
3 tion established or maintained by an employer (including a partnership
4 or sole proprietorship) or by an employee organization, or by both,
5 other than a plan providing individual retirement accounts or individual
6 retirement annuities under sec. 408 of the Internal Revenue Code, as
7 amended, premium deposit fund, variable annuity, investment annuity,
8 immediate annuity, any deferred annuity contract after annuity payments
9 have commenced, or reversionary annuity, nor to any contract which shall
10 be delivered outside this state through an agent or other representative
11 of the company issuing the contract.

12 (b) In the case of contracts issued on or after the operative date
13 of this section as defined in (k) of this section, no contract of an-
14 nuity, except as stated in (a) of this section, may be delivered or
15 issued for delivery in this state unless it contains in substance the
16 following provisions, or corresponding provisions which in the opinion
17 of the commissioner are at least as favorable to the contract holder,
18 upon cessation of payment of considerations under the contract: (1) that
19 upon cessation of payment of considerations under a contract, the com-
20 pany will grant a paid-up annuity benefit on a plan stipulated in the
21 contract of such value as is specified in (d) - (g) and (i) of this sec-
22 tion; (2) if a contract provides for a lump sum settlement at maturity,
23 or at any other time, that upon surrender of the contract at or before
24 the commencement of any annuity payments, the company will pay in lieu
25 of any paid-up annuity benefit a cash surrender benefit of such amount
26 as is specified in (d), (e), (g) and (i) of this section; the company
27 shall reserve the right to defer the payment of that cash surrender
28 benefit for a period of six months after demand for the payment with
29 surrender of the contract; (3) a statement of the mortality table, if

1 any, and interest rates used in calculating any minimum paid-up annuity,
2 cash surrender or death benefits that are guaranteed under the contract,
3 together with sufficient information to determine the amounts of those
4 benefits; (4) a statement that any paid-up annuity, cash surrender or
5 death benefits that may be available under the contract are not less
6 than the minimum benefits required by any statute of the state in which
7 the contract is delivered and an explanation of the manner in which
8 those benefits are altered by the existence of any additional amounts
9 credited by the company to the contract, any indebtedness to the company
10 on the contract or any prior withdrawals from or partial surrenders of
11 the contract. Notwithstanding the requirements of this subsection, any
12 deferred annuity contract may provide that if no considerations have
13 been received under a contract for a period of two full years and the
14 portion of the paid-up annuity benefit at maturity on the plan stipulated
15 in the contract arising from considerations paid before that period
16 would be less than \$20 monthly, the company may at its option terminate
17 the contract by payment in cash of the then present value of such portion
18 of the paid-up annuity benefit, calculated on the basis of the mortality
19 table, if any, and interest rate specified in the contract for deter-
20 mining the paid-up annuity benefit, and by that payment shall be re-
21 lieved of any further obligation under the contract.

22 (c) The minimum values as specified in (d) - (g) and (i) of this
23 section of any paid-up annuity, cash surrender or death benefits avail-
24 able under an annuity contract shall be based upon minimum nonforfeiture
25 amounts as defined in this section:

26 (1) with respect to contracts providing for flexible consid-
27 erations, the minimum nonforfeiture amount at any time at or before the
28 commencement of any annuity payments shall be equal to an accumulation
29 up to that time at a rate of interest of three per cent a year of

1 percentages of the net considerations as defined in this paragraph paid
2 before that time, decreased by the sum of (A) any prior withdrawals
3 from or partial surrenders of the contract accumulated at a rate of
4 interest of three per cent a year; and (B) the amount of any indebted-
5 ness to the company on the contract, including interest due and accrued,
6 and increased by any existing additional amounts credited by the company
7 to the contract. The net considerations for a given contract year used
8 to define the minimum nonforfeiture amount shall be an amount not less
9 than zero and shall be equal to the corresponding gross considerations
10 credited to the contract during that contract year less an annual con-
11 tract charge of \$30 and less a collection charge of \$1.25 per considera-
12 tion credited to the contract during that contract year. The percentages
13 of net considerations shall be 65 per cent of the net consideration for
14 the first contract year and 87-1/2 per cent of the net considerations for
15 the second and later contract years. Notwithstanding the provisions of
16 the preceding sentence, the percentage shall be 65 per cent of the por-
17 tion of the total net consideration for any renewal contract year which
18 exceeds by not more than two times the sum of those portions of the net
19 considerations in all prior contract years for which the percentage was
20 65 per cent.

21 (2) With respect to contracts providing for fixed scheduled
22 considerations, minimum nonforfeiture amounts shall be calculated on
23 the assumption that considerations are paid annually in advance and shall
24 be defined as for contracts with flexible considerations which are paid
25 annually with two exceptions:

26 (A) The portion of the net consideration for the first
27 contract year to be accumulated shall be the sum of 65 per cent of
28 the net consideration for the first contract year plus 22-1/2 per
29 cent of the excess of the net consideration for the first contract

1 year over the lesser of the net considerations for the second and
2 third contract years.

3 (B) The annual contract charge shall be the lesser of
4 (i) \$30 or (ii) 10 per cent of the gross annual consideration.

5 (3) With respect to contracts providing for a single con-
6 sideration, minimum nonforfeiture amounts shall be defined as for con-
7 tracts with flexible considerations except that the percentage of net
8 consideration used to determine the minimum nonforfeiture amount shall
9 be equal to 90 per cent and the net consideration shall be the gross
10 consideration less a contract charge of \$75.

11 (d) Any paid-up annuity benefit available under a contract shall
12 be such that its present value on the date annuity payments are to com-
13 mence is at least equal to the minimum nonforfeiture amount on that date.
14 Such present value shall be computed using the mortality table, if any,
15 and the interest rate specified in the contract for determining the mini-
16 mum paid-up annuity benefits guaranteed in the contract.

17 (e) For contracts which provide cash surrender benefits, such
18 cash surrender benefits available before maturity may not be less than
19 the present value as of the date of surrender of that portion of the
20 maturity value of the paid-up annuity benefit which would be provided
21 under the contract at maturity arising from considerations paid before
22 the time of cash surrender reduced by the amount appropriate to reflect
23 any prior withdrawals from or partial surrenders of the contract. The
24 present value shall be calculated on the basis of an interest rate not
25 more than one per cent higher than the interest rate specified in the
26 contract for accumulating the net considerations to determine the ma-
27 turity value, decreased by the amount of any indebtedness to the company
28 on the contract, including interest due and accrued, and increased by
29 any existing additional amounts credited by the company to the contract.

1 In no event may any cash surrender benefit be less than the minimum
2 nonforfeiture amount at that time. The death benefit under such con-
3 tracts shall be at least equal to the cash surrender benefit.

4 (f) For contracts which do not provide cash surrender benefits, the
5 present value of any paid-up annuity benefit available as a nonforfeiture
6 option at any time before maturity may not be less than the present
7 value of that portion of the maturity value of the paid-up annuity bene-
8 fit provided under the contract arising from considerations paid before
9 the time the contract is surrendered in exchange for, or changed to,
10 a deferred paid-up annuity. The present value shall be calculated for
11 the period before the maturity date on the basis of the interest rate
12 specified in the contract for accumulating the net considerations to
13 determine the maturity value, and increased by any existing additional
14 amounts credited by the company to the contract. For contracts which
15 do not provide any death benefits before the commencement of any annuity
16 payments, the present values shall be calculated on the basis of the
17 interest rate and the mortality table specified in the contract for
18 determining the maturity value of the paid-up annuity benefit. However,
19 in no event may the present value of a paid-up annuity benefit be less
20 than the minimum nonforfeiture amount at that time.

21 (g) For the purpose of determining the benefits calculated under
22 (e) and (f) of this section, in the case of annuity contracts under which
23 an election may be made to have annuity payments commence at optional
24 maturity dates, the maturity date shall be considered to be the latest
25 date for which election shall be permitted by the contract, but is not
26 considered to be later than the anniversary of the contract next fol-
27 lowing the annuitant's 70th birthday or the 10th anniversary of the
28 contract, whichever is later.

29 (h) Any contract which does not provide cash surrender benefits

1 or does not provide death benefits at least equal to the minimum nonfor-
2 feiture amount before the commencement of any annuity payments shall
3 include a statement in a prominent place in the contract that such
4 benefits are not provided.

5 (i) Any paid-up annuity, cash surrender or death benefits available
6 at any time, other than on the contract anniversary under any contract
7 with fixed scheduled considerations, shall be calculated with allowance
8 for the lapse of time and the payment of any scheduled considerations
9 beyond the beginning of the contract year in which cessation of payment
10 of considerations under the contract occurs.

11 (j) For any contract which provides, within the same contract by
12 rider or supplemental contract provision, both annuity benefits and life
13 insurance benefits that are in excess of the greater of cash surrender
14 benefits or a return of the gross considerations with interest, the
15 minimum nonforfeiture benefits shall be equal to the sum of the mini-
16 mum nonforfeiture benefits for the annuity portion and the minimum
17 nonforfeiture benefits, if any, for the life insurance portion computed
18 as if each portion were a separate contract. Notwithstanding the pro-
19 visions of (d) - (g) and (i) of this section, additional benefits payable
20 (1) in the event of total and permanent disability, (2) as reversionary
21 annuity or deferred reversionary annuity benefits, or (3) as other policy
22 benefits additional to life insurance, endowment and annuity benefits,
23 and considerations for all such additional benefits, shall be disregarded
24 in ascertaining the minimum nonforfeiture amounts, paid-up annuity, cash
25 surrender and death benefits that may be required by this section. The
26 inclusion of such additional benefits is not required in any paid-up
27 benefits, unless those additional benefits separately would require
28 minimum nonforfeiture amounts, paid-up annuity, cash surrender and death
29 benefits.

1 (k) After the effective date of this section, any company may
2 file with the commissioner a written notice of its election to comply
3 with the provisions of this section after a specified date before the
4 second anniversary of the effective date of this section. After the
5 filing of the notice, then upon the specified date, which shall be the
6 operative date of this section for the company, this section shall
7 become operative with respect to annuity contracts thereafter issued by
8 the company. If a company makes no such election, the operative date
9 of this section for the company shall be the second anniversary of the
10 effective date of this section.

11 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-

12 070(c).