

# RULES AND REGULATIONS

## Title 31—INSURANCE

### INSURANCE DEPARTMENT

#### [31 PA. CODE CH. 84a]

#### Corrective Amendment to 31 Pa. Code § 84a.6(b)(3)

The Insurance Department has discovered a discrepancy between the agency text of 31 Pa. Code § 84a.6(b)(3) (relating to contract services), as deposited with the Legislative Reference Bureau and published at 36 Pa.B. 3667 (July 15, 2006), and the official text as printed in the September 2006 *Pennsylvania Code Reporter* (Master Transmittal Sheet No. 382) and as currently appearing in the *Pennsylvania Code*. The texts of clauses (A) and (B) were inadvertently omitted from subparagraph (iii) and placed under subparagraph (v).

Therefore, under 45 Pa.C.S. § 901: The Insurance Department has deposited with the Legislative Reference Bureau a corrective amendment to 31 Pa. Code § 84a.6(b)(3). The corrective amendment to 31 Pa. Code § 84a.6(b)(3) is effective as of January 1, 2007, the effective date of adoption of the amendment as originally announced in the *Pennsylvania Bulletin*.

The correct version of 31 Pa. Code § 84a.6(b)(3) appears in Annex A, with ellipses referring to the existing text of the regulation.

#### Annex A

#### TITLE 31. INSURANCE

#### PART IV. LIFE INSURANCE

#### CHAPTER 84a. MINIMUM RESERVE STANDARDS FOR INDIVIDUAL AND GROUP HEALTH AND ACCIDENT INSURANCE CONTRACTS

#### § 84a.6. Contract reserves.

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(b) *Minimum standards for contract reserves.*

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(3) *Termination rates.*

(i) Termination rates used in the computation of reserves shall be on the basis of a mortality table as specified in Appendix A except as noted in subparagraphs (ii), (iii), (iv) and (v).

(ii) Total termination rates may be used at ages and durations when these exceed specified mortality table rates, but not in excess of the lesser of 80% of the total termination rate used in the calculation of the gross premiums or 8%.

(iii) For long-term care individual contracts and group certificates issued on and after January 1, 1999, termination rates in addition to the specified mortality table rates may be used. The termination rates other than mortality may not exceed the following:

(A) For policy years 1 through 4, the lesser of 80% of the voluntary lapse rate used in the calculation of gross premiums and 8%.

(B) For policy years 5 and later, the lesser of 100% of the voluntary lapse rate used in the calculation of gross premiums and 4%.

(iv) For long-term care individual contracts and group certificates issued on and after January 1, 2007, the following termination rates in addition to the mortality table rates specified in Appendix A may be used.

(A) For policy year 1, the lesser of 80% of the voluntary lapse rate used in the calculation of gross premiums and 6%.

(B) For policy years 2 through 4, the lesser of 80% of the voluntary lapse rate used in the calculation of gross premiums and 4%.

(C) For policy years 5 and later, the lesser of 100% of the voluntary lapse rate used in the calculation of gross premiums and 2%, except for group long-term care insurance where the 2% shall be 3%.

(v) For single premium credit disability insurance, termination rates may not be used.

(4) *Reserved methods.*

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