

LEGISLATURE OF NEBRASKA  
ONE HUNDRED THIRD LEGISLATURE  
SECOND SESSION  
**LEGISLATIVE BILL 755**  
Final Reading

Introduced by Gloor, 35.

Read first time January 09, 2014

Committee: Banking, Commerce and Insurance

A BILL

1 FOR AN ACT relating to insurance; to amend sections 44-403, 44-404,  
2 44-407.23, 44-407.24, 44-407.26, and 44-408, Reissue  
3 Revised Statutes of Nebraska; to adopt the Standard  
4 Valuation Act; to change and eliminate provisions  
5 relating to valuation of reserves; to provide for  
6 applicability of provisions; to harmonize provisions; to  
7 repeal the original sections; and to outright repeal  
8 section 44-402, Reissue Revised Statutes of Nebraska.  
9 Be it enacted by the people of the State of Nebraska,

1           Section 1. Sections 1 to 12 of this act shall be known  
2 and may be cited as the Standard Valuation Act.

3           Sec. 2. Except as provided in sections 5, 6, and 7 of  
4 this act, the Standard Valuation Act applies to those policies and  
5 contracts issued on or after the operative date of the valuation  
6 manual designated in subsection (2) of section 8 of this act.

7           Sec. 3. For the purposes of the Standard Valuation Act:

8           (1) Accident and health insurance contract means a  
9 contract that incorporates morbidity risk and provides protection  
10 against economic loss resulting from accident, sickness, or medical  
11 conditions and as may be specified in the valuation manual;

12           (2) Appointed actuary means a qualified actuary who is  
13 appointed in accordance with the valuation manual to prepare the  
14 actuarial opinion required in sections 44-421 to 44-425 and section 5  
15 of this act;

16           (3) Company means an entity which has (a) written,  
17 issued, or reinsured life insurance contracts, accident and health  
18 insurance contracts, or deposit-type contracts in this state and has  
19 at least one such policy in force or on claim or (b) written, issued,  
20 or reinsured life insurance contracts, accident and health insurance  
21 contracts, or deposit-type contracts in any state and is required to  
22 hold a certificate of authority to write life insurance, accident and  
23 health insurance, or deposit-type contracts in this state;

24           (4) Deposit-type contract means a contract that does not  
25 incorporate mortality or morbidity risks and as may be specified in

1 the valuation manual;

2 (5) Director means the Director of Insurance;

3 (6) Life insurance contract means a contract that  
4 incorporates mortality risk, including annuity and pure endowment  
5 contracts, and as may be specified in the valuation manual;

6 (7) Policyholder behavior means any action a  
7 policyholder, a contract holder, or any other person with the right  
8 to elect options, such as a certificate holder, may take under a  
9 policy or contract subject to the act including, but not limited to,  
10 lapse, withdrawal, transfer, deposit, premium payment, loan,  
11 annuitization, or benefit elections prescribed by the policy or  
12 contract but excluding events of mortality or morbidity that result  
13 in benefits prescribed in their essential aspects by the terms of the  
14 policy or contract;

15 (8) Principle-based valuation means a reserve valuation  
16 that uses one or more methods or one or more assumptions determined  
17 by the insurer and is required to comply with section 9 of this act  
18 as specified in the valuation manual;

19 (9) Qualified actuary means an individual who is  
20 qualified to sign the applicable statement of actuarial opinion in  
21 accordance with the American Academy of Actuaries qualification  
22 standards for actuaries signing such statements and who meets the  
23 requirements specified in the valuation manual;

24 (10) Reserves means reserve liabilities;

25 (11) Tail risk means a risk that occurs either when the

1 frequency of low probability events is higher than expected under a  
2 normal probability distribution or when there are observed events of  
3 very significant size or magnitude; and

4 (12) Valuation manual means the valuation manual  
5 prescribed by the director which conforms substantially to the  
6 valuation manual developed and adopted by the National Association of  
7 Insurance Commissioners.

8 Sec. 4. The director shall annually value, or cause to be  
9 valued, the reserves for all outstanding life insurance contracts,  
10 accident and health insurance contracts, and deposit-type contracts  
11 of every company issued on or after the operative date of the  
12 valuation manual. In lieu of the valuation of the reserves required  
13 of a foreign or alien company, the director may accept a valuation  
14 made, or caused to be made, by the insurance supervisory official of  
15 any state or other jurisdiction when the valuation complies with the  
16 minimum standard provided in the Standard Valuation Act.

17 Sec. 5. (1) Every company with outstanding life insurance  
18 contracts, accident and health insurance contracts, or deposit-type  
19 contracts in this state and subject to regulation by the director  
20 shall annually submit the opinion of the appointed actuary as to  
21 whether the reserves and related actuarial items held in support of  
22 the policies and contracts are computed appropriately, are based on  
23 assumptions that satisfy contractual provisions, are consistent with  
24 prior reported amounts, and comply with applicable laws of this  
25 state. The valuation manual shall prescribe the specifics of this

1 opinion including any items deemed to be necessary to its scope.

2 (2) Every company with outstanding life insurance  
3 contracts, accident and health insurance contracts, or deposit-type  
4 contracts in this state and subject to regulation by the director,  
5 except as exempted in the valuation manual, shall also annually  
6 include in the opinion required by subsection (1) of this section an  
7 opinion of the same appointed actuary as to whether the reserves and  
8 related actuarial items held in support of the policies and contracts  
9 specified in the valuation manual, when considered in light of the  
10 assets held by the company with respect to the reserves and related  
11 actuarial items, including, but not limited to, the investment  
12 earnings on the assets and the considerations anticipated to be  
13 received and retained under the policies and contracts, make adequate  
14 provision for the company's obligations under the policies and  
15 contracts, including, but not limited to, the benefits under and  
16 expenses associated with the policies and contracts.

17 (3) Each opinion required by subsection (2) of this  
18 section shall be governed by the following provisions:

19 (a) A memorandum, in form and substance as specified in  
20 the valuation manual, and acceptable to the director, shall be  
21 prepared to support each actuarial opinion; and

22 (b) If the company fails to provide a supporting  
23 memorandum at the request of the director within a period specified  
24 in the valuation manual or the director determines that the  
25 supporting memorandum provided by the company fails to meet the

1 standards prescribed by the valuation manual or is otherwise  
2 unacceptable to the director, the director may engage a qualified  
3 actuary at the expense of the company to review the opinion and the  
4 basis for the opinion and prepare the supporting memorandum required  
5 by the director.

6 (4) Every opinion shall be governed by the following  
7 provisions:

8 (a) The opinion shall be in form and substance as  
9 specified in the valuation manual and acceptable to the director;

10 (b) The opinion shall be submitted with the annual  
11 statement reflecting the valuation of the reserves for each year  
12 ending on or after the operative date of the valuation manual;

13 (c) The opinion shall apply to all policies and contracts  
14 subject to subsection (2) of this section, plus other actuarial  
15 liabilities as may be specified in the valuation manual;

16 (d) The opinion shall be based on standards adopted from  
17 time to time by the Actuarial Standards Board or its successor and on  
18 such additional standards as may be prescribed in the valuation  
19 manual;

20 (e) In the case of an opinion required to be submitted by  
21 a foreign or alien company, the director may accept the opinion filed  
22 by that company with the insurance supervisory official of another  
23 state if the director determines that the opinion reasonably meets  
24 the requirements applicable to a company domiciled in this state;

25 (f) Except in cases of fraud or willful misconduct, the

1 appointed actuary shall not be liable for damages to any person other  
2 than the insurance company and the director for any act, error,  
3 omission, decision, or conduct with respect to the appointed  
4 actuary's opinion; and

5 (g) Disciplinary action by the director against the  
6 company or the appointed actuary shall be as set forth in rules and  
7 regulations adopted and promulgated by the director.

8 (5)(a) Documents, materials, or other information in the  
9 possession or control of the director that are a memorandum in  
10 support of the opinion and any other material provided by the company  
11 to the director in connection with the memorandum shall be  
12 confidential by law and privileged, shall not be a public record  
13 subject to disclosure by the director pursuant to sections 84-712 to  
14 84-712.09, shall not be subject to subpoena, and shall not be subject  
15 to discovery or admissible in evidence in any private civil action.  
16 The director may use the documents, materials, or other information  
17 in the furtherance of any regulatory or legal action brought as a  
18 part of the director's official duties. Neither the director nor any  
19 person who received documents, materials, or other information while  
20 acting under the authority of the director shall be permitted or  
21 required to testify in any private civil action concerning any  
22 confidential documents, materials, or other information.

23 (b) In order to assist in the performance of the  
24 director's duties, the director:

25 (i) May share documents, materials, or other information,

1 including the confidential and privileged documents, materials, or  
2 information, with other state, federal, and international regulatory  
3 agencies, with the National Association of Insurance Commissioners  
4 and its affiliates and subsidiaries, and with state, federal, and  
5 international law enforcement authorities if the recipient agrees to  
6 maintain the confidentiality and privileged status of the document,  
7 material, or other information; and

8 (ii) May receive documents, materials, or other  
9 information, including otherwise confidential and privileged  
10 documents, materials, or other information, from the National  
11 Association of Insurance Commissioners and its affiliates and  
12 subsidiaries and from regulatory and law enforcement officials of  
13 other foreign or domestic jurisdictions, and shall maintain as  
14 confidential or privileged any document, material, or other  
15 information received with notice or the understanding that it is  
16 confidential or privileged under the laws of the jurisdiction that is  
17 the source of the document, material, or other information.

18 (c) No waiver of any applicable privilege or claim of  
19 confidentiality in the documents, materials, or other information  
20 shall occur as a result of disclosure to the director under this  
21 section or as a result of sharing information pursuant to this  
22 subsection.

23 (d) A memorandum in support of the opinion, and any other  
24 material provided by the company to the director in connection with  
25 the memorandum, may be subject to subpoena for the purpose of

1 defending an action seeking damages from the actuary submitting the  
2 memorandum by reason of an action required by this section or by  
3 rules and regulations.

4 (e) The memorandum or other material may otherwise be  
5 released by the director with the written consent of the company or  
6 to the American Academy of Actuaries pursuant to a request stating  
7 that the memorandum or other material is required for the purpose of  
8 professional disciplinary proceedings and setting forth procedures  
9 satisfactory to the director for preserving the confidentiality of  
10 the memorandum or other material.

11 (f) Once any portion of the confidential memorandum is  
12 cited by the company in its marketing or is cited before a  
13 governmental agency other than a state insurance department or is  
14 released by the company to the news media, all portions of the  
15 confidential memorandum shall be no longer confidential.

16 Sec. 6. For accident and health insurance contracts  
17 issued on or after the operative date of the valuation manual  
18 designated in subsection (2) of section 8 of this act, the standard  
19 prescribed in the valuation manual is the minimum standard of  
20 valuation required under section 4 of this act. For disability and  
21 sickness and accident insurance contracts issued on or after the  
22 operative date defined in section 44-407.07 and prior to the  
23 operative date of the valuation manual, the minimum standard of  
24 valuation is the standard adopted and promulgated by the director by  
25 rule and regulation.

1           Sec. 7. Section 44-404, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3           ~~44-404~~ (1) This section shall apply to only those  
4 policies and contracts issued on or after the operative date defined  
5 in section 44-407.07 (the Standard Nonforfeiture Law for Life  
6 Insurance), except as otherwise provided in ~~subdivision (b)~~  
7 subsection (3) of this section for all annuities and pure endowments  
8 purchased on or after the operative date of such ~~subdivision (b)~~  
9 subsection (3) under group annuity and pure endowment contracts  
10 issued prior to such operative date defined in section 44-407.07.  
11 This section shall apply to all policies and contracts issued prior  
12 to the operative date of the valuation manual designated in  
13 subsection (2) of section 8 of this act, and sections 8 and 9 of this  
14 act shall not apply to any such policies and contracts.

15           ~~(a)-(2)~~ Except as otherwise provided in ~~subdivisions (b)~~  
16 ~~and (c)~~ subsections (3) and (4) of this section, the minimum standard  
17 for the valuation of all such policies and contracts issued prior to  
18 August 30, 1981, shall be that provided by the laws in effect  
19 immediately prior to such date. Except as otherwise provided in  
20 ~~subdivisions (b) and (c)~~ subsections (3) and (4) of this section, the  
21 minimum standard for the valuation of all such policies and contracts  
22 shall be the Commissioners Reserve Valuation Methods defined in  
23 ~~subdivisions (d), (e), and (h)~~ subsections (5), (6), and (9) of this  
24 section; five percent interest for group annuity and pure endowment  
25 contracts and three and one-half percent interest for all other such

1 policies and contracts, or in the cases of policies and contracts,  
2 other than annuity and pure endowment contracts, issued on or after  
3 September 2, 1973, four percent interest for such policies issued  
4 prior to August 24, 1979, and four and one-half percent interest for  
5 such policies issued on or after August 24, 1979; and the following  
6 tables: ~~(i)-(a)~~ For all ordinary policies of life insurance issued on  
7 the standard basis, excluding any disability and accidental death  
8 benefits in such policies, ~~the~~ Commissioners 1941 Standard Ordinary  
9 Mortality Table for such policies issued prior to the operative date  
10 of section 44-407.08 (Standard Nonforfeiture Law for Life Insurance),  
11 the Commissioners 1958 Standard Ordinary Mortality Table for such  
12 policies issued on or after such operative date and prior to the  
13 operative date of section 44-407.24, except; ~~Provided,~~ that for any  
14 category of such policies issued on female risks, all modified net  
15 premiums and present values referred to in this section may be  
16 calculated according to an age not more than six years younger than  
17 the actual age of the insured; and for such policies on or after the  
18 operative date of section 44-407.24 ~~(a)-(i)~~ the Commissioners 1980  
19 Standard Ordinary Mortality Table, or ~~(b)-(ii)~~ at the election of the  
20 company for any one or more specified plans of life insurance, the  
21 Commissioners 1980 Standard Ordinary Mortality Table with Ten-Year  
22 Select Mortality Factors, or ~~(c)-(iii)~~ any ordinary mortality table,  
23 adopted after 1980 by the National Association of Insurance  
24 Commissioners, that is approved by regulation promulgated by the  
25 Department of Insurance for use in determining the minimum standard

1 of valuation for such policies; ~~(ii)~~(b) for all industrial life  
2 insurance policies issued on the standard basis, excluding any  
3 disability and accidental death benefits in such policies,—the 1941  
4 Standard Industrial Mortality Table for such policies issued prior to  
5 the operative date of section 44-407.09 (Standard Nonforfeiture Law  
6 for Life Insurance), and for such policies issued on or after such  
7 operative date, the Commissioners 1961 Standard Industrial Mortality  
8 Table or any industrial mortality table, adopted after 1980 by the  
9 National Association of Insurance Commissioners, that is approved by  
10 regulation promulgated by the Department of Insurance for use in  
11 determining the minimum standard of valuation for such policies;  
12 ~~(iii)~~(c) for individual annuity and pure endowment contracts,  
13 excluding any disability and accidental death benefits in such  
14 policies,—the 1937 Standard Annuity Mortality Table, or at the option  
15 of the company, the Annuity Mortality Table for 1949, Ultimate, or  
16 any modification of either of these tables approved by the Department  
17 of Insurance; ~~(iv)~~(d) for group annuity and pure endowment  
18 contracts, excluding any disability and accidental death benefits in  
19 such policies,—the Group Annuity Mortality Table for 1951, any  
20 modification of such table approved by the Department of Insurance,  
21 or, at the option of the company, any of the tables or modifications  
22 of tables specified for individual annuity and pure endowment  
23 contracts; ~~(v)~~(e) for total and permanent disability benefits in or  
24 supplementary to ordinary policies or contracts—for policies or  
25 contracts issued on or after January 1, 1966, the tables of Period 2

1    disablement rates and the 1930 to 1950 termination rates of the 1952  
2    Disability Study of the Society of Actuaries, with due regard to the  
3    type of benefit, or any tables of disablement rates and termination  
4    rates, adopted after 1980 by the National Association of Insurance  
5    Commissioners, that are approved by regulation promulgated by the  
6    Department of Insurance for use in determining the minimum standard  
7    of valuation for such policies; for policies or contracts issued on  
8    or after January 1, 1961, and prior to January 1, 1966, either such  
9    tables or, at the option of the company, the Class (3) Disability  
10   Table (1926); and for policies issued prior to January 1, 1961, the  
11   Class (3) Disability Table (1926). Any such table shall, for active  
12   lives, be combined with a mortality table permitted for calculating  
13   the reserves for life insurance policies; ~~(vi)~~(f) for accidental  
14   death benefits in or supplementary to policies—~~for~~ policies issued on  
15   or after January 1, 1966, the 1959 Accidental Death Benefits Table;  
16   for policies issued on or after January 1, 1961, and prior to January  
17   1, 1966, either such table or, at the option of the company, the  
18   Inter-Company Double Indemnity Mortality Table; and for policies  
19   issued prior to January 1, 1961, the Inter-Company Double Indemnity  
20   Mortality Table. Either table shall be combined with a mortality  
21   table permitted for calculating the reserves for life insurance  
22   policies; and ~~(vii)~~(g) for group life insurance, life insurance  
23   issued on the substandard basis and other special benefits—such  
24   tables as may be approved by the Department of Insurance.

25                   ~~(b)~~(3) Except as provided in ~~subdivision (c)~~ subsection

1 (4) of this section, the minimum standard for the valuation of all  
2 individual annuity and pure endowment contracts issued on or after  
3 the operative date of this ~~subdivision,~~ subsection, as defined  
4 herein, and for all annuities and pure endowments purchased on or  
5 after such operative date under group annuity and pure endowment  
6 contracts, shall be the Commissioners Reserve Valuation Methods  
7 defined in ~~subdivisions (d) and (e)~~ subsections (5) and (6) of this  
8 section and the following tables and interest rates:

9            ~~(i)~~ (a) For individual annuity and pure endowment  
10 contracts issued prior to August 24, 1979, excluding any disability  
11 and accidental death benefits in such contracts—the 1971 Individual  
12 Annuity Mortality Table, or any modification of this table approved  
13 by the Department of Insurance, and six percent interest for single  
14 premium immediate annuity contracts, and four percent interest for  
15 all other individual annuity and pure endowment contracts;

16            ~~(ii)~~ (b) For individual single premium immediate annuity  
17 contracts issued on or after August 24, 1979, excluding any  
18 disability and accidental death benefits in such contracts—the 1971  
19 Individual Annuity Mortality Table, or any individual annuity  
20 mortality table, adopted after 1980 by the National Association of  
21 Insurance Commissioners, that is approved by regulation promulgated  
22 by the Department of Insurance for use in determining the minimum  
23 standard of valuation for such contracts, or any modification of  
24 these tables approved by the director, and seven and one-half percent  
25 interest;

1           ~~(iii)~~ (c) For individual annuity and pure endowment  
2 contracts issued on or after August 24, 1979, other than single  
3 premium immediate annuity contracts, excluding any disability and  
4 accidental death benefits in such contracts—the 1971 Individual  
5 Annuity Table, or any individual annuity mortality table, adopted  
6 after 1980 by the National Association of Insurance Commissioners,  
7 that is approved by regulation promulgated by the Department of  
8 Insurance for use in determining the minimum standard of valuation  
9 for such contracts, or any modification of these tables approved by  
10 the director, and five and one-half percent interest for single  
11 premium deferred annuity and pure endowment contracts and four and  
12 one-half percent interest for all other such individual annuity and  
13 pure endowment contracts;

14           ~~(iv)~~ (d) For all annuities and pure endowments purchased  
15 prior to August 24, 1979, under group annuity and pure endowment  
16 contracts, excluding any disability and accidental death benefits  
17 purchased under such contracts—the 1971 Group Annuity Mortality  
18 Table, or any modification of this table approved by the Department  
19 of Insurance, and six percent interest; and

20           ~~(v)~~ (e) For all annuities and pure endowments purchased  
21 on or after August 24, 1979, under group annuity and pure endowment  
22 contracts, excluding any disability and accidental death benefits  
23 purchased under such contracts—the 1971 Group Annuity Mortality  
24 Table, or any group annuity mortality table, adopted after 1980 by  
25 the National Association of Insurance Commissioners, that is approved

1 by regulation promulgated by the Department of Insurance for use in  
2 determining the minimum standard of valuation for such annuities and  
3 pure endowments, or any modification of these tables approved by the  
4 director, and seven and one-half percent interest.

5 ~~(e)~~(4)(a) The calendar year statutory valuation interest  
6 rates as defined in this ~~subdivision~~subsection shall be used in  
7 determining the minimum standard for the valuation of all life  
8 insurance policies issued in a particular calendar year, on or after  
9 the operative date of section 44-407.02; all individual annuity and  
10 pure endowment contracts issued in a particular calendar year on or  
11 after January 1 of the calendar year next following August 30, 1981;  
12 all annuities and pure endowments purchased in a particular calendar  
13 year on or after January 1 of the calendar year next following August  
14 30, 1981, under group annuity and pure endowment contracts; and the  
15 net increase, if any, in a particular calendar year after January 1  
16 of the calendar year next following August 30, 1981, in amounts held  
17 under guaranteed interest contracts.

18 (b)(i) The calendar year statutory valuation interest  
19 rates shall be determined as provided in ~~this paragraph~~subdivision  
20 (4)(b)(i) of this section and the results rounded to the nearer one-  
21 quarter of one percent: ~~(i)~~(A) For life insurance, the calendar year  
22 statutory valuation interest rate shall be equal to the sum of ~~(a)~~  
23 (I) three percent; ~~(b)~~(II) the weighting factor defined in this  
24 ~~subdivision~~subsection multiplied by the difference between ~~(1)~~ the  
25 lesser of the reference interest rate defined in this ~~subdivision~~

1 subsection and nine percent, and ~~(2)~~ three percent; and ~~(c)~~ ~~(III)~~  
2 one-half the weighting factor defined in this ~~subdivision~~ subsection  
3 multiplied by the difference between ~~(1)~~ the greater of the reference  
4 interest rate defined in this ~~subdivision~~ subsection and nine  
5 percent, and ~~(2)~~ nine percent. ~~(ii)~~ (B) For single premium immediate  
6 annuities and for annuity benefits involving life contingencies  
7 arising from other annuities with cash settlement options and from  
8 guaranteed interest contracts with cash settlement options, the  
9 calendar year statutory valuation interest rates shall be equal to  
10 the sum of ~~(a)~~ (I) three percent and ~~(b)~~ (II) the weighting factor  
11 defined in this ~~subdivision~~ subsection multiplied by the difference  
12 between ~~(1)~~ the reference interest rate defined in this ~~subdivision~~  
13 subsection and ~~(2)~~ three percent. ~~(iii)~~ (C) For other annuities with  
14 cash settlement options and guaranteed interest contracts with cash  
15 settlement options, valued on an issue-year basis, except as stated  
16 in ~~(ii)~~ above, subdivision (4)(b)(i)(B) of this section, the formula  
17 for life insurance in ~~(i)~~ above subdivision (4)(b)(i)(A) of this  
18 section shall apply to annuities and guaranteed interest contracts  
19 with guarantee durations in excess of ten years, and the formula for  
20 single premium immediate annuities in ~~(ii)~~ above subdivision (4)(b)  
21 (i)(B) of this section shall apply to annuities and guaranteed  
22 interest contracts with guarantee duration of ten years or less. ~~(iv)~~  
23 (D) For other annuities with no cash settlement options and for  
24 guaranteed interest contracts with no cash settlement options, the  
25 formula for single premium immediate annuities in ~~(ii)~~ above

1 subdivision (4)(b)(i)(B) of this section shall apply. ~~(v)-(E)~~ For  
2 other annuities with cash settlement options and guaranteed interest  
3 contracts with cash settlement options, valued on a change in fund  
4 basis, the formula for single premium immediate annuities in ~~(ii)~~  
5 ~~above~~ subdivision (4)(b)(i)(B) of this section shall apply. ~~(vi)-(F)~~  
6 However, if the calendar year statutory valuation interest rate for  
7 any life insurance policies issued in any calendar year determined  
8 without reference to this sentence differs from the corresponding  
9 actual rate for similar policies issued in the immediately preceding  
10 calendar year by less than one-half of one percent, the calendar year  
11 statutory valuation interest rate for such life insurance policies  
12 shall be equal to the corresponding actual rate for the immediately  
13 preceding calendar year. For purposes of applying the immediately  
14 preceding sentence, the calendar year statutory valuation interest  
15 rate for life insurance policies issued in a calendar year shall be  
16 determined for 1980 (using the reference interest rate defined for  
17 1979) and shall be determined for each subsequent calendar year  
18 regardless of when section 44-407.24 becomes operative.

19 (ii) The weighting factors referred to in the formulas  
20 stated in this ~~subdivision~~ subsection are as follows: ~~(i)-(A)~~ For  
21 life insurance, with a guarantee duration of ten years or less, the  
22 weighting factor is .50; with a guarantee duration of more than ten  
23 years but not more than twenty years, the weighting factor is .45;  
24 and with a guarantee duration of more than twenty years, the  
25 weighting factor is .35. For life insurance, the guarantee duration

1 is the maximum number of years the life insurance can remain in force  
2 on a basis guaranteed in the policy or under options to convert to  
3 plans of life insurance with premium rates or nonforfeiture values or  
4 both which are guaranteed in the original policy. ~~(ii)~~—(B) The  
5 weighting factor for single premium immediate annuities and for  
6 annuity benefits involving life contingencies arising from other  
7 annuities with cash settlement options and guaranteed interest  
8 contracts with cash settlement options is .80. ~~(iii)~~—(C) The  
9 weighting factors for other annuities and for guaranteed interest  
10 contracts, except as stated in ~~(ii) above~~, subdivision (4)(b)(ii)(B)  
11 of this section, are as follows, according to plan type as defined in  
12 this subdivision: ~~(a)~~—(I) For annuities and guaranteed interest  
13 contracts valued on an issue-year basis with a guarantee duration of  
14 five years or less, the weighting factor is .80 for plan type A, .60  
15 for plan type B, and .50 for plan type C; with a guarantee duration  
16 of more than five years but not more than ten years, the weighting  
17 factor is .75 for plan type A, .60 for plan type B, and .50 for plan  
18 type C; with a guarantee duration of more than ten years but not more  
19 than twenty years, the weighting factor is .65 for plan type A, .50  
20 for plan type B, and .45 for plan type C; and with more than twenty  
21 years guarantee duration the weighting factor is .45 for plan type  
22 A, .35 for plan type B, and .35 for plan type C. ~~(b)~~—(II) For  
23 annuities and guaranteed interest contracts valued on an issue-year  
24 basis (other than those with no cash settlement options) which do not  
25 guarantee interest on considerations received more than one year

1 after issue or purchase, the weighting factors are the factors shown  
2 in ~~(iii)(a) above~~ subdivision (4)(b)(ii)(C)(I) of this section  
3 increased by .05 for all plan types. ~~(e)-(III)~~ For annuities and  
4 guaranteed interest contracts valued on a change in fund basis, the  
5 weighting factors are the factors as computed in ~~(iii)(b) above~~  
6 subdivision (4)(b)(ii)(C)(II) of this section increased by .10 for  
7 plan type A, increased by .20 for plan type B, and not increased for  
8 plan type C. ~~(d)-(IV)~~ For annuities and guaranteed interest contracts  
9 valued on a change in fund basis which do not guarantee interest  
10 rates on considerations received more than twelve months beyond the  
11 valuation date, the weighting factors are the factors as computed in  
12 ~~(iii)(c) above~~ subdivision (4)(b)(ii)(C)(III) of this section  
13 increased by .05 for all plan types. For other annuities with cash  
14 settlement options and guaranteed interest contracts with cash  
15 settlement options, the guarantee duration is the number of years for  
16 which the contract guarantees interest rates in excess of the  
17 calendar year statutory valuation interest rate for life insurance  
18 policies with guarantee duration in excess of twenty years. For other  
19 annuities with no cash settlement options and for guaranteed interest  
20 contracts with no cash settlement options, the guarantee duration is  
21 the number of years from the date of issue or date of purchase to the  
22 date annuity benefits are scheduled to commence.

23 (c) Plan types used in this ~~subdivision~~ subsection are  
24 defined as follows: Under plan type A, at any time a policyholder may  
25 withdraw funds only with an adjustment to reflect changes in interest

1 rates or asset values since receipt of the funds by the insurance  
2 company, without such an adjustment but in installments over five  
3 years or more, or as an immediate life annuity, or no withdrawal may  
4 be permitted. Under plan type B, before expiration of the interest  
5 rate guarantee, a policyholder may withdraw funds only with an  
6 adjustment to reflect changes in interest rates or asset values since  
7 receipt of the funds by the insurance company or without such an  
8 adjustment but in installments over five years or more, or no  
9 withdrawal may be permitted. At the end of interest rate guarantee,  
10 funds may be withdrawn without such adjustment in a single sum or  
11 installments over less than five years. Under plan type C, a  
12 policyholder may withdraw funds before expiration of the interest  
13 rate guarantee in a single sum or installments over less than five  
14 years either without an adjustment to reflect changes in interest  
15 rates or asset values since receipt of the funds by the insurance  
16 company, or subject only to a fixed surrender charge stipulated in  
17 the contract as a percentage of the fund.

18 (d) A company may elect to value guaranteed interest  
19 contracts with cash settlement options and annuities with cash  
20 settlement options on either an issue-year basis or on a change in  
21 fund basis. Guaranteed interest contracts with no cash settlement  
22 options and other annuities with no cash settlement options must be  
23 valued on an issue-year basis. As used in this ~~subdivision,~~  
24 subsection, an issue-year basis of valuation refers to a valuation  
25 basis under which the interest rate used to determine the minimum

1 valuation standard for the entire duration of the annuity or  
2 guaranteed interest contract is the calendar year valuation interest  
3 rate for the year of issue or year of purchase of the annuity or  
4 guaranteed interest contract, and the change in fund basis of  
5 valuation refers to a valuation basis under which the interest rate  
6 used to determine the minimum valuation standard applicable to each  
7 change in the fund held under the annuity or guaranteed interest  
8 contract is the calendar year valuation interest rate for the year of  
9 the change in the fund.

10           (e) The reference interest rate referred to in this  
11 ~~subdivision~~ subsection shall be defined as follows: (i) For all life  
12 insurance, the lesser of the average over a period of thirty-six  
13 months and the average over a period of twelve months, ending on June  
14 30 of the calendar year next preceding the year of issue, of the  
15 reference monthly average as defined in this ~~subdivision~~ subsection.  
16 (ii) For single premium immediate annuities and for annuity benefits  
17 involving life contingencies arising from other annuities with cash  
18 settlement options and guaranteed interest contracts with cash  
19 settlement options, the average over a period of twelve months,  
20 ending on June 30 of the calendar year of issue or year of purchase,  
21 of the reference monthly average as defined in this ~~subdivision~~  
22 subsection. (iii) For other annuities with cash settlement options  
23 and guaranteed interest contracts with cash settlement options,  
24 valued on a year of issue basis, except as stated in ~~(ii) above,~~  
25 subdivision (4)(e)(ii) of this section, with guarantee duration in

1 excess of ten years the lesser of the average over a period of  
2 thirty-six months and the average over a period of twelve months,  
3 ending on June 30 of the calendar year of issue or purchase, of the  
4 reference monthly average as defined in this ~~subdivision.~~ subsection.  
5 (iv) For other annuities with cash settlement options and guaranteed  
6 interest contracts with cash settlement options, valued on a year of  
7 issue basis, except as stated in ~~(ii) above,~~ subdivision (4)(e)(ii)  
8 of this section, with guarantee duration of ten years or less, the  
9 average over a period of twelve months, ending on June 30 of the  
10 calendar year of issue or purchase, of the reference monthly average  
11 as defined in this ~~subdivision.~~ subsection. (v) For other annuities  
12 with no cash settlement options and for guaranteed interest contracts  
13 with no cash settlement options, the average over a period of twelve  
14 months, ending on June 30 of the calendar year of issue or purchase,  
15 of the reference monthly average as defined in this ~~subdivision.~~  
16 subsection. (vi) For other annuities with cash settlement options and  
17 guaranteed interest contracts with cash settlement options, valued on  
18 a change in fund basis, except as stated in ~~(ii) above,~~ subdivision  
19 (4)(e)(ii) of this section, the average over a period of twelve  
20 months, ending on June 30 of the calendar year of the change in the  
21 fund, of the reference monthly average as defined in this  
22 ~~subdivision.~~ subsection.  
23 (f) The reference monthly average referred to in this  
24 ~~subdivision~~ subsection shall mean a monthly bond yield average which  
25 is published by a national financial statistical organization,

1 recognized by the National Association of Insurance Commissioners, in  
2 current general use in the insurance industry, and designated by the  
3 Director of Insurance. In the event that the National Association of  
4 Insurance Commissioners determines that an alternative method for  
5 determination of the reference interest rate is necessary, an  
6 alternative method, which is adopted by the National Association of  
7 Insurance Commissioners and approved by regulation promulgated by the  
8 Department of Insurance, may be substituted.

9           ~~(d)-(5)(a)~~ Except as otherwise provided in ~~subdivisions~~  
10 ~~(e) and (h)~~ subsections (6) and (9) of this section and section 6 of  
11 this act, reserves according to the Commissioners Reserve Valuation  
12 Methods, for the life insurance and endowment benefits of policies  
13 providing for a uniform amount of insurance and requiring the payment  
14 of uniform premiums shall be the excess, if any, of the present  
15 value, at the date of valuation, of such future guaranteed benefits  
16 provided for by such policies, over the then present value of any  
17 future modified net premiums therefor. The modified net premiums for  
18 any such policy shall be such uniform percentage of the respective  
19 contract premiums for such benefits that the present value, at the  
20 date of issue of the policy, of all such modified net premiums shall  
21 be equal to the sum of the then present value of such benefits  
22 provided for by the policy and the excess of (i) over (ii), as  
23 follows: (i) A net level annual premium equal to the present value,  
24 at the date of issue, of such benefits provided for after the first  
25 policy year, divided by the present value, at the date of issue, of

1 an annuity of one per annum payable on the first and each subsequent  
2 anniversary of such policy on which a premium falls due, except ~~+~~  
3 ~~Provided,~~ that such net level annual premium shall not exceed the net  
4 level annual premium on the nineteen year premium whole life plan for  
5 insurance of the same amount at an age one year higher than the age  
6 at issue of such policy; (ii) a net one year term premium for such  
7 benefits provided for in the first policy year.

8           **(b)** For any life insurance policy issued on or after  
9 January 1 of the fourth calendar year commencing after August 30,  
10 1981, for which the contract premium in the first policy year exceeds  
11 that of the second year and for which no comparable additional  
12 benefit is provided in the first year for such excess and which  
13 provides an endowment benefit or a cash surrender value or a  
14 combination thereof in an amount greater than such excess premium,  
15 the reserve according to the Commissioners Reserve Valuation Methods  
16 as of any policy anniversary occurring on or before the assumed  
17 ending date defined herein as the first policy anniversary on which  
18 the sum of any endowment benefit and any cash surrender value then  
19 available is greater than such excess premium shall, except as  
20 otherwise provided in ~~subdivision (h)~~ subsection (9) of this section,  
21 be the greater of the reserve as of such policy anniversary  
22 calculated as described in ~~the preceding paragraph, subdivision (5)~~  
23 (a) of this section, and the reserve as of such policy anniversary  
24 calculated as described in ~~the preceding paragraph subdivision (5)(a)~~  
25 of this section but with (i) the net level annual premium calculated

1 as described in ~~the preceding paragraph~~ subdivision (5)(a) of this  
2 section being reduced by fifteen percent of the amount of such excess  
3 first year premium, (ii) all present values of benefits and premiums  
4 being determined without reference to premiums or benefits provided  
5 for by the policy after the assumed ending date, (iii) the policy  
6 being assumed to mature on such date as an endowment, and (iv) the  
7 cash surrender value provided on such date being considered as an  
8 endowment benefit. In making the above comparison the mortality and  
9 interest bases stated in ~~subdivisions (a) and (c)~~ subsections (2) and  
10 (4) of this section shall be used.

11 (c) Reserves according to the Commissioners Reserve  
12 Valuation Methods for (i) life insurance policies providing for a  
13 varying amount of insurance or requiring the payment of varying  
14 premiums, (ii) group annuity and pure endowment contracts purchased  
15 under a retirement plan or plan of deferred compensation, established  
16 or maintained by an employer, including a partnership, limited  
17 liability company, or sole proprietorship, or by an employee  
18 organization, or by both, other than a plan providing individual  
19 retirement accounts or individual retirement annuities under section  
20 408 of the Internal Revenue Code, (iii) disability and accidental  
21 death benefits in all policies and contracts, and (iv) all other  
22 benefits, except life insurance and endowment benefits in life  
23 insurance policies and benefits provided by all other annuity and  
24 pure endowment contracts, shall be calculated by a method consistent  
25 with the principles of this ~~subdivision,~~ subsection, except that any

1 extra premiums charged because of impairments or special hazards  
2 shall be disregarded in the determination of modified net premiums.

3 ~~(e)-(6)~~ This subdivision-subsection shall apply to all  
4 annuity and pure endowment contracts other than group annuity and  
5 pure endowment contracts purchased under a retirement plan or plan of  
6 deferred compensation, established or maintained by an employer,  
7 including a partnership, limited liability company, or sole  
8 proprietorship, or by an employee organization, or by both, other  
9 than a plan providing individual retirement accounts or individual  
10 retirement annuities under section 408 of the Internal Revenue Code.

11 Reserves according to the commissioners annuity reserve  
12 method for benefits under annuity or pure endowment contracts,  
13 excluding any disability and accidental death benefits in such  
14 contracts, shall be the greatest of the respective excesses of the  
15 present values, at the date of valuation, of the future guaranteed  
16 benefits, including guaranteed nonforfeiture benefits, provided for  
17 by such contracts at the end of each respective contract year, over  
18 the present value, at the date of valuation, of any future valuation  
19 considerations derived from future gross considerations, required by  
20 the terms of such contract, that become payable prior to the end of  
21 such respective contract year. The future guaranteed benefits shall  
22 be determined by using the mortality table, if any, and the interest  
23 rate, or rates, specified in such contracts for determining  
24 guaranteed benefits. The valuation considerations shall be the  
25 portions of the respective gross considerations applied under the

1 terms of such contracts to determine nonforfeiture values.

2 ~~(f)~~ (7)(a) In no event shall a company's aggregate  
3 reserves for all life insurance policies, excluding disability and  
4 accidental death benefits, be less than the aggregate reserves  
5 calculated in accordance with the methods set forth in ~~subdivisions~~  
6 ~~(d), (e), (h), and (i)~~ subsections (5), (6), (9), and (10) of this  
7 section and the mortality table or tables and rate or rates of  
8 interest used in calculating nonforfeiture benefits for such  
9 policies.

10 (b) In no event shall the aggregate reserves for all  
11 policies, contracts, and benefits be less than the aggregate reserves  
12 determined by the appointed actuary to be necessary to render the  
13 opinion required by sections 44-420 to 44-427.

14 ~~(g)~~ (8)(a) Reserves for all policies and contracts issued  
15 prior to August 30, 1981, may be calculated, at the option of the  
16 company, according to any standards which produce greater aggregate  
17 reserves for all such policies and contracts than the minimum  
18 reserves required by the laws in effect immediately prior to such  
19 date.

20 (b) Reserves for any category of policies, contracts, or  
21 benefits as established by the Department of Insurance, may be  
22 calculated, at the option of the company, according to any standards  
23 which produce greater aggregate reserves for such category than those  
24 calculated according to the minimum standard ~~herein~~ provided under  
25 the Standard Valuation Act, but the rate or rates of interest used

1 for policies and contracts, other than annuity and pure endowment  
2 contracts, shall not be ~~higher~~ greater than the corresponding rate or  
3 rates of interest used in calculating any nonforfeiture benefits  
4 provided for therein.

5 (c) A company which adopts at any time a standard of  
6 valuation producing greater aggregate reserves than those calculated  
7 according to the minimum standard provided under the Standard  
8 Valuation Act may adopt a lower standard of valuation with the  
9 approval of the director, but not lower than the minimum standard  
10 provided under the act. For the purposes of this subdivision, the  
11 holding of additional reserves previously determined by the appointed  
12 actuary to be necessary to render the opinion required by section 5  
13 of this act shall not be deemed to be the adoption of a higher  
14 standard of valuation.

15 ~~(h)-(9)~~ If in any contract year the gross premium charged  
16 by any life insurance company on any policy or contract is less than  
17 the valuation net premium for the policy or contract calculated by  
18 the method used in calculating the reserve thereon but using the  
19 minimum valuation standards of mortality and rate of interest, the  
20 minimum reserve required for such policy or contract shall be the  
21 greater of either the reserve calculated according to the mortality  
22 table, rate of interest, and method actually used for such policy or  
23 contract, or the reserve calculated by the method actually used for  
24 such policy or contract, but using the minimum valuation standards of  
25 mortality and rate of interest and replacing the valuation net

1 premium by the actual gross premium in each contract year for which  
2 the valuation net premium exceeds the actual gross premium. The  
3 minimum valuation standards of mortality and rate of interest  
4 referred to in this ~~subdivision~~ subsection are those standards stated  
5 in ~~subdivisions (a) and (c)~~ subsections (2) and (4) of this section.

6 For any life insurance policy issued on or after January  
7 1 of the fourth calendar year commencing after August 30, 1981, for  
8 which the gross premium in the first policy year exceeds that of the  
9 second year and for which no comparable additional benefit is  
10 provided in the first year for such excess and which provides an  
11 endowment benefit or a cash surrender value or a combination thereof  
12 in an amount greater than such excess premium, the foregoing  
13 provisions of this ~~subdivision~~ subsection shall be applied as if the  
14 method actually used in calculating the reserve for such policy were  
15 the method described in ~~subdivision (d)~~ subsection (5) of this  
16 section, ignoring the ~~second paragraph of subdivision (d)~~ subdivision  
17 (5)(b) of this section. The minimum reserve at each policy  
18 anniversary of such a policy shall be the greater of the minimum  
19 reserve calculated in accordance with ~~subdivision (d)~~ subsection (5)  
20 of this section, including the ~~second paragraph of that subdivision,~~  
21 subdivision (5)(b) of this section, and the minimum reserve  
22 calculated in accordance with this ~~subdivision.~~ subsection.

23 ~~(i)-(10)~~ In the case of any plan of life insurance which  
24 provides for future premium determination, the amounts of which are  
25 to be determined by the insurance company based on then estimates of

1 future experience, or in the case of any plan of life insurance or  
2 annuity which is of such a nature that the minimum reserves cannot be  
3 determined by the methods described in ~~subdivisions (d), (e), and (h)~~  
4 subsections (5), (6), and (9) of this section, the reserves which are  
5 held under any such plan must ~~(i)-(a)~~ be appropriate in relation to  
6 the benefits and the pattern of premiums for that plan, and ~~(ii)-(b)~~  
7 be computed by a method which is consistent with the principles of  
8 this section as determined by regulations promulgated by the  
9 Department of Insurance.

10 Sec. 8. (1) For policies issued on or after the operative  
11 date of the valuation manual designated in subsection (2) of this  
12 section, the standard prescribed in the valuation manual is the  
13 minimum standard of valuation required under section 5 of this act  
14 except as provided under subsections (5) and (7) of this section.

15 (2) The director shall prescribe the valuation manual no  
16 later than July 1, 2017. The director shall designate the operative  
17 date of the valuation manual as of January 1 after the date on which  
18 the director prescribes the valuation manual.

19 (3) Unless a change in the valuation manual specifies a  
20 later effective date, the changes adopted by the director to the  
21 valuation manual shall be effective on January 1 following the  
22 adoption of the change by the director.

23 (4) The valuation manual must specify all of the  
24 following:

25 (a) Minimum valuation standards for and definitions of

1 the policies or contracts subject to section 4 of this act. Such  
2 minimum valuation standards shall be:

3 (i) The director's reserve valuation method for life  
4 insurance contracts, other than annuity contracts, subject to section  
5 4 of this act;

6 (ii) The director's annuity reserve valuation method for  
7 annuity contracts subject to section 4 of this act; and

8 (iii) Minimum reserves for all other policies or  
9 contracts subject to section 4 of this act;

10 (b) Which policies or contracts or types of policies or  
11 contracts are subject to the requirements of a principle-based  
12 valuation in subsection (1) of section 9 of this act and the minimum  
13 valuation standards consistent with those requirements;

14 (c) For policies and contracts subject to a principle-  
15 based valuation under section 9 of this act:

16 (i) Requirements for the format of reports to the  
17 director under subdivision (2)(c) of section 9 of this act which  
18 shall include information necessary to determine if the valuation is  
19 appropriate and in compliance with the Standard Valuation Act;

20 (ii) Assumptions shall be prescribed for risks over which  
21 the company does not have significant control or influence; and

22 (iii) Procedures for corporate governance and oversight  
23 of the actuarial function, and a process for appropriate waiver or  
24 modification of such procedures;

25 (d) For policies not subject to a principle-based

1 valuation under section 9 of this act, the minimum valuation standard  
2 shall either:

3 (i) Be consistent with the minimum standard of valuation  
4 prior to the operative date of the valuation manual designated in  
5 subsection (2) of this section; or

6 (ii) Develop reserves that quantify the benefits and  
7 guarantees, and the funding, associated with the contracts and their  
8 risks at a level of conservatism that reflects conditions that  
9 include unfavorable events that have a reasonable probability of  
10 occurring;

11 (e) Other requirements, including, but not limited to,  
12 those relating to reserve methods, models for measuring risk,  
13 generation of economic scenarios, assumptions, margins, use of  
14 company experience, risk measurement, disclosure, certifications,  
15 reports, actuarial opinions and memorandums, transition rules, and  
16 internal controls; and

17 (f) The data and form of the data required under section  
18 10 of this act and with whom the data must be submitted.

19 The valuation manual may specify other requirements,  
20 including data analyses and reporting of analyses.

21 (5) In the absence of a specific valuation requirement or  
22 if a specific valuation requirement in the valuation manual is not,  
23 in the opinion of the director, in compliance with the act, then the  
24 company shall, with respect to such requirements, comply with minimum  
25 valuation standards prescribed by the director by rule and

1 regulation.

2 (6) The director may employ or contract with a qualified  
3 actuary, at the expense of the company, to perform an actuarial  
4 examination of the company and opine on the appropriateness of any  
5 reserve assumption or method used by the company or to review and  
6 opine on a company's compliance with any requirement set forth in the  
7 act. The director may rely upon the opinion, regarding provisions  
8 contained within the act, of a qualified actuary engaged by the  
9 insurance commissioner of another state, district, or territory of  
10 the United States.

11 (7) The director may require a company to change any  
12 assumption or method that in the opinion of the director is necessary  
13 in order to comply with the requirements of the valuation manual or  
14 the act and the company shall adjust the reserves as required by the  
15 director. The director may take other disciplinary action pursuant to  
16 law.

17 Sec. 9. (1) A company must establish reserves using a  
18 principle-based valuation that meets the following conditions for  
19 policies or contracts as specified in the valuation manual:

20 (a) Quantify the benefits and guarantees, and the  
21 funding, associated with the contracts and their risks at a level of  
22 conservatism that reflects conditions that include unfavorable events  
23 that have a reasonable probability of occurring during the lifetime  
24 of the contracts. For policies or contracts with significant tail  
25 risk, the valuation must reflect conditions appropriately adverse to

1 quantify the tail risk;

2 (b) Incorporate assumptions, risk analysis methods, and  
3 financial models and management techniques that are consistent with,  
4 but not necessarily identical to, those utilized within the company's  
5 overall risk assessment process, while recognizing potential  
6 differences in financial reporting structures and any prescribed  
7 assumptions or methods;

8 (c) Incorporate assumptions that are derived in one of  
9 the following manners:

10 (i) The assumption is prescribed in the valuation manual;  
11 or

12 (ii) For assumptions that are not prescribed, the  
13 assumptions shall:

14 (A) Be established utilizing the company's available  
15 experience, to the extent it is relevant and statistically credible;

16 or

17 (B) To the extent that company data is not available,  
18 relevant, or statistically credible, be established utilizing other  
19 relevant, statistically credible experience; and

20 (d) Provide margins for uncertainty including adverse  
21 deviation and estimation error, such that the greater the uncertainty  
22 the larger the margin and resulting reserve.

23 (2) A company using a principle-based valuation for one  
24 or more policies or contracts subject to this section as specified in  
25 the valuation manual shall:

1           (a) Establish procedures for corporate governance and  
2 oversight of the actuarial valuation function consistent with those  
3 described in the valuation manual;

4           (b) Provide to the director and the board of directors an  
5 annual certification of the effectiveness of the internal controls  
6 with respect to the principle-based valuation. Such controls shall be  
7 designed to assure that all material risks inherent in the  
8 liabilities and associated assets subject to such valuation are  
9 included in the valuation and that valuations are made in accordance  
10 with the valuation manual. The certification shall be based on the  
11 controls in place as of the end of the preceding calendar year; and

12           (c) Develop, and file with the director upon request, a  
13 principle-based valuation report that complies with standards  
14 prescribed in the valuation manual.

15           (3) A principle-based valuation may include a prescribed  
16 formulaic reserve component.

17           Sec. 10. A company shall submit mortality, morbidity,  
18 policyholder behavior, or expense experience and other data as  
19 prescribed in the valuation manual.

20           Sec. 11. (1) For purposes of this section, confidential  
21 information means:

22           (a) A memorandum in support of an opinion submitted under  
23 section 5 of this act and any other documents, materials, and other  
24 information, including, but not limited to, all working papers, and  
25 copies thereof, created, produced, or obtained by or disclosed to the

1 director or any other person in connection with such memorandum;

2 (b) All documents, materials, and other information,  
3 including, but not limited to, all working papers, and copies  
4 thereof, created, produced, or obtained by or disclosed to the  
5 director or any other person in the course of an examination made  
6 under subsection (6) of section 8 of this act, except that if an  
7 examination report or other material prepared in connection with an  
8 examination made under the Insurers Examination Act is not held as  
9 private and confidential information under the act, an examination  
10 report or other material prepared in connection with an examination  
11 made under subsection (6) of section 8 of this act shall not be  
12 confidential information to the same extent as if such examination  
13 report or other material had been prepared under the Insurers  
14 Examination Act;

15 (c) Any reports, documents, materials, and other  
16 information developed by a company in support of, or in connection  
17 with, an annual certification by the company under subdivision (2)(b)  
18 of section 9 of this act evaluating the effectiveness of the  
19 company's internal controls with respect to a principle-based  
20 valuation and any other documents, materials, and other information,  
21 including, but not limited to, all working papers, and copies  
22 thereof, created, produced, or obtained by or disclosed to the  
23 director or any other person in connection with such reports,  
24 documents, materials, and other information;

25 (d) Any principle-based valuation report developed under

1 subdivision (2)(c) of section 9 of this act and any other documents,  
2 materials, and other information, including, but not limited to, all  
3 working papers, and copies thereof, created, produced, or obtained by  
4 or disclosed to the director or any other person in connection with  
5 such report; and

6 (e) Any data, documents, materials, and other information  
7 submitted by a company under section 10 of this act, known as  
8 experience data, and any other data, documents, materials, and  
9 information, including, but not limited to, all working papers, and  
10 copies thereof, created or produced in connection with such  
11 experience data, known as experience materials, in each case that  
12 includes any potentially company-identifying or personally  
13 identifiable information, that is provided to or obtained by the  
14 director and any other documents, materials, data, and other  
15 information, including, but not limited to, all working papers, and  
16 copies thereof, created, produced, or obtained by or disclosed to the  
17 director or any other person in connection with such experience data  
18 and experience materials.

19 (2)(a) Except as provided in this section, a company's  
20 confidential information is confidential by law and privileged and  
21 shall not be a public record subject to disclosure by the director  
22 pursuant to sections 84-712 to 84-712.09, shall not be subject to  
23 subpoena, and shall not be subject to discovery or admissible in  
24 evidence in any private civil action, except that the director may  
25 use the confidential information in the furtherance of any regulatory

1 or legal action brought against the company as a part of the  
2 director's official duties.

3 (b) Neither the director nor any person who received  
4 confidential information while acting under the authority of the  
5 director shall be permitted or required to testify in any private  
6 civil action concerning any confidential information.

7 (c) In order to assist in the performance of the  
8 director's duties, the director may share confidential information  
9 (i) with other state, federal, and international regulatory agencies  
10 and with the National Association of Insurance Commissioners and its  
11 affiliates and subsidiaries and (ii) in the case of confidential  
12 information specified in subdivisions (1)(a) and (b) of this section,  
13 with the Actuarial Board for Counseling and Discipline or its  
14 successor upon request stating that the confidential information is  
15 required for the purpose of professional disciplinary proceedings.  
16 The recipient must agree, and must have the legal authority to agree,  
17 to maintain the confidentiality and privileged status of such data,  
18 documents, materials, and other information in the same manner and to  
19 the same extent as required for the director.

20 (d) The director may receive data, documents, materials,  
21 and other information, including otherwise confidential and  
22 privileged data, documents, materials, or information, from the  
23 National Association of Insurance Commissioners and its affiliates  
24 and subsidiaries, from regulatory or law enforcement officials of  
25 other foreign or domestic jurisdictions, and from the Actuarial Board

1 for Counseling and Discipline or its successor and shall maintain as  
2 confidential or privileged any data, document, material, or other  
3 information received with notice or the understanding that it is  
4 confidential or privileged under the laws of the jurisdiction that is  
5 the source of the data, document, material, or other information.

6 (e) The director may enter into agreements governing  
7 sharing and use of information consistent with this subsection.

8 (f) No waiver of any applicable privilege or claim of  
9 confidentiality in the confidential information shall occur as a  
10 result of disclosure to the director under this section or as a  
11 result of sharing as authorized in subdivision (2)(c) of this  
12 section.

13 (g) A privilege established under the law of any state or  
14 jurisdiction that is substantially similar to the privilege  
15 established under subsection (2) of this section shall be available  
16 and enforced in any proceeding in, and in any court of, this state.

17 (h) Regulatory agency, law enforcement agency, and the  
18 National Association of Insurance Commissioners include employees,  
19 agents, consultants, and contractors of such entities.

20 (3) Notwithstanding subsection (2) of this section, any  
21 confidential information specified in subdivisions (1)(a) and (d) of  
22 this section:

23 (a) May be subject to subpoena for the purpose of  
24 defending an action seeking damages from the appointed actuary  
25 submitting the related memorandum in support of an opinion submitted

1 under section 5 of this act or principle-based valuation report  
2 developed under subdivision (2)(c) of section 9 of this act by reason  
3 of an action required by the Standard Valuation Act or by rule and  
4 regulation;

5 (b) May otherwise be released by the director with the  
6 written consent of the company; and

7 (c) Once any portion of a memorandum in support of an  
8 opinion submitted under section 5 of this act or a principle-based  
9 valuation report developed under subdivision (2)(c) of section 9 of  
10 this act is cited by the company in its marketing or is publicly  
11 volunteered to or before a governmental agency other than a state  
12 insurance department or is released by the company to the news media,  
13 all portions of such memorandum or report shall no longer be  
14 confidential.

15 Sec. 12. (1) The director may exempt specific product  
16 forms or product lines of a domestic company that is licensed and  
17 doing business only in this state from the requirements of section 8  
18 of this act if:

19 (a) The director has issued an exemption in writing to  
20 the company and has not subsequently revoked the exemption in  
21 writing; and

22 (b) The company computes reserves using assumptions and  
23 methods used prior to the operative date of the valuation manual  
24 designated in subsection (2) of section 8 of this act in addition to  
25 any requirements established by the director and by rule and

1 regulation.

2 (2) For any company granted an exemption under this  
3 section, sections 44-420 to 44-427 and sections 6 and 7 of this act  
4 shall be applicable. With respect to any company applying this  
5 exemption, any reference to section 8 of this act found in such  
6 sections shall not be applicable.

7 Sec. 13. Section 44-403, Reissue Revised Statutes of  
8 Nebraska, is amended to read:

9 44-403 This section shall apply to only those policies  
10 and contracts issued prior to the operative date defined in section  
11 44-407.07 (the Standard Nonforfeiture Law for Life Insurance). All  
12 such valuations made by the Department of Insurance, or by its  
13 authority, shall be according to the standard of valuation adopted by  
14 the company, which standard shall be stated in its annual report to  
15 the department. Such standard of valuation, whether on the net level  
16 premium, preliminary term, any modified preliminary term, or select  
17 and ultimate reserve basis, for all such policies issued after July  
18 17, 1913, shall be according to the American Experience or Actuaries'  
19 Table of Mortality, with not less than three and not more than four  
20 percent compound interest. When the preliminary term basis is used it  
21 shall not exceed one year. Insurance against total and permanent  
22 mental or physical disability resulting from accident or disease, or  
23 against accidental death, combined with a policy of life insurance,  
24 shall be valued on the basis of the mean reserve, being one-half of  
25 the additional annual premium charged therefor. Except as otherwise

1 provided in ~~subdivision (b) subsection (3)~~ of section ~~44-404-7~~ of  
2 this act for all annuities and pure endowments purchased on or after  
3 the operative date of such ~~subdivision (b) subsection~~ under group  
4 annuity and pure endowment contracts, the legal minimum standard for  
5 the valuation of annuities shall be McClintock's Table of Mortality  
6 Among Annuitants, or the American Experience Table of Mortality, with  
7 compound interest at three and one-half percent per annum for  
8 individual annuities and five percent per annum for group annuities,  
9 but annuities deferred ten or more years, and written in connection  
10 with life or term insurance, shall be valued on the same mortality  
11 table from which the consideration or premiums were computed, with  
12 compound interest not higher than three and one-half percent per  
13 annum. The legal standard for the valuation of industrial policies  
14 shall be the American Experience Table of Mortality, with compound  
15 interest at not less than three nor more than three and one-half  
16 percent per annum, except that ~~Provided~~, any life insurance company  
17 may voluntarily value its industrial policies written on the weekly  
18 payment plan according to the Standard Industrial Mortality Table or  
19 the Substandard Industrial Mortality Table. Reserves for all such  
20 policies and contracts may be calculated, at the option of the  
21 company, according to any standards which produce greater aggregate  
22 reserves for all such policies and contracts than the minimum  
23 reserves required by this section.

24           Sec. 14. Section 44-407.23, Reissue Revised Statutes of  
25 Nebraska, is amended to read:

1                   44-407.23 (1) After August 24, 1979, any company may file  
2 with the Department of Insurance a written notice of its election to  
3 comply with the provisions of sections 44-403,~~44-404~~, and 44-407.08  
4 to 44-407.23 and section 7 of this act after a specified date before  
5 the second anniversary of August 24, 1979. After the filing of such  
6 notice, such specified date shall be the operative date of this act  
7 for such company. Annuity contracts thereafter issued by such company  
8 shall comply with such sections. If a company makes no such election,  
9 the operative date of this act for such company shall be the second  
10 anniversary of August 24, 1979.

11                   (2) After July 16, 2004, a company may elect to apply  
12 sections 44-407.08 to 44-407.23 to annuity contracts on a contract-  
13 form-by-contract-form basis before the second anniversary of July 16,  
14 2004. In all other instances, sections 44-407.08 to 44-407.23 shall  
15 become operative with respect to annuity contracts issued by the  
16 company after the second anniversary of July 16, 2004.

17                   (3) The director may adopt and promulgate rules and  
18 regulations to carry out sections 44-407.10 to 44-407.23.

19                   Sec. 15. Section 44-407.24, Reissue Revised Statutes of  
20 Nebraska, is amended to read:

21                   44-407.24 (1) This section shall apply to all policies  
22 issued on or after the operative date of this section as defined  
23 herein. Except as provided in subsection (7) of this section, the  
24 adjusted premiums for any policy shall be calculated on an annual  
25 basis and shall be such uniform percentage of the respective premiums

1 specified in the policy for each policy year, excluding amounts  
2 payable as extra premiums to cover impairments or special hazards and  
3 also excluding any uniform annual contract charge or policy fee  
4 specified in the policy in a statement of the method to be used in  
5 calculating the cash surrender values and paid-up nonforfeiture  
6 benefits, that the present value, at the date of issue of the policy,  
7 of all adjusted premiums shall be equal to the sum of (a) the then  
8 present value of the future guaranteed benefits provided for by the  
9 policy; (b) one percent of either the amount of insurance, if the  
10 insurance be uniform in amount, or the average amount of insurance at  
11 the beginning of each of the first ten policy years; and (c) one  
12 hundred twenty-five percent of the nonforfeiture net level premium as  
13 defined in this section. In applying the percentage specified in (c)  
14 above no nonforfeiture net level premium shall be deemed to exceed  
15 four percent of either the amount of insurance, if the insurance be  
16 uniform in amount, or the average amount of insurance at the  
17 beginning of each of the first ten policy years. The date of issue of  
18 a policy for the purpose of this section shall be the date as of  
19 which the rated age of the insured is determined.

20 (2) The nonforfeiture net level premium shall be equal to  
21 the present value, at the date of issue of the policy, of the  
22 guaranteed benefits provided for by the policy divided by the present  
23 value, at the date of issue of the policy, of an annuity of one  
24 percent per annum payable on the date of issue of the policy and on  
25 each anniversary of such policy on which a premium falls due.

1                   (3) In the case of policies which cause on a basis  
2 guaranteed in the policy unscheduled changes in benefits or premiums,  
3 or which provide an option for changes in benefits or premiums other  
4 than a change to a new policy, the adjusted premiums and present  
5 values shall initially be calculated on the assumption that future  
6 benefits and premiums do not change from those stipulated at the date  
7 of issue of the policy. At the time of any such change in the  
8 benefits or premiums the future adjusted premium, nonforfeiture net  
9 level premiums and present values shall be recalculated on the  
10 assumption that future benefits and premiums do not change from those  
11 stipulated by the policy immediately after the change.

12                   (4) Except as otherwise provided in subsection (7) of  
13 this section, the recalculated future adjusted premiums for any such  
14 policy shall be such uniform percentage of the respective future  
15 premiums specified in the policy for each policy year, excluding  
16 amounts payable as extra premiums to cover impairments and special  
17 hazards, and also excluding any uniform annual contract charge or  
18 policy fee specified in the policy in a statement of the method to be  
19 used in calculating the cash surrender values and paid-up  
20 nonforfeiture benefits, that the present value, at the time of change  
21 to the newly defined benefits or premiums, of all such future  
22 adjusted premiums shall be equal to the excess of (a) the sum of (i)  
23 the then present value of the then future guaranteed benefits  
24 provided for by the policy and (ii) the additional expense allowance,  
25 if any, over (b) the then cash surrender value, if any, or present

1 value of any paid-up nonforfeiture benefit under the policy.

2 (5) The additional expense allowance, at the time of the  
3 change to the newly defined benefits or premiums, shall be the sum of  
4 (a) one percent of the excess, if positive, of the average amount of  
5 insurance at the beginning of each of the first ten policy years  
6 subsequent to the change over the average amount of insurance prior  
7 to the change at the beginning of each of the first ten policy years  
8 subsequent to the time of the most recent previous change, or, if  
9 there has been no previous change, the date of issue of the policy;  
10 and (b) one hundred twenty-five percent of the increase, if positive,  
11 in the nonforfeiture net level premium.

12 (6) The recalculated nonforfeiture net level premium  
13 shall be equal to the result obtained by dividing (a) by (b), where  
14 (a) equals the sum of (i) the nonforfeiture net level premium  
15 applicable prior to the change times the present value of an annuity  
16 of one per annum payable on each anniversary of the policy on or  
17 subsequent to the date of the change on which a premium would have  
18 fallen due had the change not occurred, and (ii) the present value of  
19 the increase in future guaranteed benefits provided for by the  
20 policy; and (b) equals the present value of an annuity of one per  
21 annum payable on each anniversary of the policy on or subsequent to  
22 the date of change on which a premium falls due.

23 (7) Notwithstanding any other provisions of this section  
24 to the contrary, in the case of a policy issued on a substandard  
25 basis which provides reduced graded amounts of insurance so that, in

1 each policy year, such policy has the same tabular mortality cost as  
2 an otherwise similar policy issued on the standard basis which  
3 provides higher uniform amounts of insurance, adjusted premiums and  
4 present values for such substandard policy may be calculated as if it  
5 were issued to provide such higher uniform amounts of insurance on  
6 the standard basis.

7 (8) All adjusted premiums and present values referred to  
8 in sections 44-407 to 44-409 shall for all policies of ordinary  
9 insurance be calculated on the basis of (a) the Commissioners 1980  
10 Standard Ordinary Mortality Table or (b) at the election of the  
11 company for any one or more specified plans of life insurance, the  
12 Commissioners 1980 Standard Ordinary Mortality Table with Ten-Year  
13 Select Mortality Factors; shall for all policies of industrial  
14 insurance be calculated on the basis of the Commissioners 1961  
15 Standard Industrial Mortality Table; and shall for all policies  
16 issued in a particular calendar year be calculated on the basis of a  
17 rate of interest not exceeding the nonforfeiture interest rate as  
18 defined in this section for policies issued in that calendar year.

19 At the option of the company, calculations for all  
20 policies issued in a particular calendar year may be made on the  
21 basis of a rate of interest not exceeding the nonforfeiture interest  
22 rate, as defined in this section, for policies issued in the  
23 immediately preceding calendar year. Under any paid-up nonforfeiture  
24 benefit, including any paid-up dividend additions, any cash surrender  
25 value available whether or not required by section 44-407.01, shall

1 be calculated on the basis of the mortality table and rate of  
2 interest used in determining the amount of such paid-up nonforfeiture  
3 benefit and paid-up dividend additions, if any. A company may  
4 calculate the amount of any guaranteed paid-up nonforfeiture benefit  
5 including any paid-up additions under the policy on the basis of an  
6 interest rate no lower than that specified in the policy for  
7 calculating cash surrender values. In calculating the present value  
8 of any paid-up term insurance with accompanying pure endowment, if  
9 any, offered as a nonforfeiture benefit, the rates of mortality  
10 assumed may be not more than those shown in the Commissioners 1980  
11 Extended Term Insurance Table for policies of ordinary insurance and  
12 not more than the Commissioners 1961 Industrial Extended Term  
13 Insurance Table for policies of industrial insurance. For insurance  
14 issued on a substandard basis, the calculation of any such adjusted  
15 premiums and present values may be based on appropriate modifications  
16 of such tables. ~~Any~~ For policies issued prior to the operative date  
17 of the valuation manual designated in subsection (2) of section 8 of  
18 this act, any Commissioners Standard ordinary mortality tables,  
19 adopted after 1980 by the National Association of Insurance  
20 Commissioners, that are approved by regulation promulgated by the  
21 Department of Insurance for use in determining the minimum  
22 nonforfeiture standard may be substituted for the Commissioners 1980  
23 Standard Ordinary Mortality Table with or without Ten-Year Select  
24 Mortality Factors or for the Commissioners 1980 Extended Term  
25 Insurance Table. ~~Any~~ For policies issued on or after the operative

1 date of the valuation manual designated in subsection (2) of section  
2 8 of this act, the valuation manual shall provide the Commissioners  
3 Standard mortality table for use in determining the minimum  
4 nonforfeiture standard that may be substituted for the Commissioners  
5 1980 Standard Ordinary Mortality Table with or without Ten-Year  
6 Select Mortality Factors or for the Commissioners 1980 Extended Term  
7 Insurance Table. If the Department of Insurance approves by rule and  
8 regulation any commissioners standard ordinary mortality table  
9 adopted by the National Association of Insurance Commissioners for  
10 use in determining the minimum nonforfeiture standard for policies  
11 issued on or after the operative date of the valuation manual  
12 designated in subsection (2) of section 8 of this act, then that  
13 minimum nonforfeiture standard supersedes the minimum nonforfeiture  
14 standard provided by the valuation manual. For policies issued prior  
15 to the operative date of the valuation manual designated in  
16 subsection (2) of section 8 of this act, any commissioners standard  
17 industrial mortality tables, adopted after 1980 by the National  
18 Association of Insurance Commissioners, that are approved by  
19 regulation promulgated by the Department of Insurance for use in  
20 determining the minimum nonforfeiture standard may be substituted for  
21 the Commissioners 1961 Standard Industrial Mortality Table or the  
22 Commissioners 1961 Industrial Extended Term Insurance Table. For  
23 policies issued on or after the operative date of the valuation  
24 manual designated in subsection (2) of section 8 of this act, the  
25 valuation manual shall provide the commissioners standard mortality

1 table for use in determining the minimum nonforfeiture standard that  
2 may be substituted for the Commissioners 1961 Standard Industrial  
3 Mortality Table or the Commissioners 1961 Industrial Extended Term  
4 Insurance Table. If the Department of Insurance approves by rule and  
5 regulation any commissioners standard industrial mortality table  
6 adopted by the National Association of Insurance Commissioners for  
7 use in determining the minimum nonforfeiture standard for policies  
8 issued on or after the operative date of the valuation manual  
9 designated in subsection (2) of section 8 of this act, then that  
10 minimum nonforfeiture standard supersedes the minimum nonforfeiture  
11 standard provided by the valuation manual.

12 (9) The For policies issued before the operative date of  
13 the valuation manual designated in subsection (2) of section 8 of  
14 this act, the nonforfeiture interest rate per annum for any policy  
15 issued in a particular calendar year shall be equal to one hundred  
16 and twenty-five percent of the calendar year statutory valuation  
17 interest rate for such policy as defined in section 44-404, 7 of this  
18 act, rounded to the nearer one-quarter of one percent, except that  
19 the nonforfeiture interest rate shall not be less than four percent.  
20 For policies issued on and after the operative date of the valuation  
21 manual designated in subsection (2) of section 8 of this act, the  
22 nonforfeiture interest rate per annum for any policy issued in a  
23 particular calendar year shall be provided by the valuation manual.

24 (10) Notwithstanding any other provision in sections  
25 44-404, 44-407 to 44-407.06, 44-407.08, 44-407.09, and 44-407.24 to

1 44-407.26 and section 7 of this act to the contrary, any refiling of  
2 nonforfeiture values or their methods of computation for any  
3 previously approved policy form which involves only a change in the  
4 interest rate or mortality table used to compute nonforfeiture values  
5 shall not require refiling of any other provisions of that policy  
6 form.

7 (11) After the effective date of this section any company  
8 may file with the Department of Insurance a written notice of its  
9 election to comply with the provisions of this section after a  
10 specified date before January 1, 1989, which shall be the operative  
11 date of this section for such company. If a company makes no such  
12 election, the operative date of this section for such company shall  
13 be January 1, 1989, except that the Director of Insurance may advance  
14 the operative date of this section for such a company after  
15 investigating and finding that (a) it is in the best interests of the  
16 policyholders of such company to do so, and (b) a majority of states  
17 in which such company is doing business have adopted legislation  
18 similar to sections ~~44-404,~~ 44-407 to 44-407.06, 44-407.08,  
19 44-407.09, and 44-407.24 to 44-407.26 and section 7 of this act.

20 Sec. 16. Section 44-407.26, Reissue Revised Statutes of  
21 Nebraska, is amended to read:

22 44-407.26 This section, in addition to all other  
23 applicable provisions of sections ~~44-404,~~ 44-407 to 44-407.06,  
24 44-407.08, 44-407.09, and 44-407.24 to 44-407.26 and section 7 of  
25 this act, shall apply to all policies issued on or after January 1,

1 1985. Any cash surrender value available under the policy in the  
2 event of default in a premium payment due on any policy anniversary  
3 shall be in an amount which does not differ by more than two-tenths  
4 of one percent of either the amount of insurance, if the insurance be  
5 uniform in amount, or the average amount of insurance at the  
6 beginning of each of the first ten policy years, from the sum of (a)  
7 the greater of zero and the basic cash value specified in this  
8 section and (b) the present value of any existing paid-up additions  
9 less the amount of any indebtedness to the company under the policy.

10           The basic cash value shall be equal to the present value,  
11 on such anniversary, of the future guaranteed benefits which would  
12 have been provided for by the policy, excluding any existing paid-up  
13 additions and before deduction of any indebtedness to the company, if  
14 there had been no default, less the then present value of the  
15 nonforfeiture factors, as hereinafter defined, corresponding to  
16 premiums which would have fallen due on and after such anniversary;  
17 Provided, however, that the effects on the basic cash value of  
18 supplemental life insurance or annuity benefits or of family  
19 coverage, as described in section 44-407.02 or 44-407.04, whichever  
20 is applicable, shall be the same as are the effects specified in  
21 section 44-407.02 or 44-407.04, whichever is applicable, on the cash  
22 surrender values defined in that section.

23           The nonforfeiture factor for each policy year shall be an  
24 amount equal to a percentage of the adjusted premium for the policy  
25 year, as defined in section 44-407.04 or 44-407.24, whichever is

1 applicable. Except as is required by the next succeeding sentence of  
2 this paragraph, such percentage (a) must be the same percentage for  
3 each policy year between the second policy anniversary and the later  
4 of (i) the fifth policy anniversary and (ii) the first policy  
5 anniversary at which there is available under the policy a cash  
6 surrender value in an amount, before including any paid-up additions  
7 and before deducting any indebtedness, of at least two-tenths of one  
8 percent of either the amount of insurance, if the insurance be  
9 uniform in amount, or the average amount of insurance at the  
10 beginning of each of the first ten policy years, and (b) must be such  
11 that no percentage after the later of the two policy anniversaries  
12 specified in the preceding item (a) may apply to fewer than five  
13 consecutive policy years. No basic cash value may be less than the  
14 value which would be obtained if the adjusted premiums for the  
15 policy, as defined in section 44-407.04 or 44-407.24, whichever is  
16 applicable, were substituted for the nonforfeiture factors in the  
17 calculation of the basic cash value.

18 All adjusted premiums and present values referred to in  
19 this section shall for a particular policy be calculated on the same  
20 mortality and interest bases as are used in demonstrating the  
21 policy's compliance with the other sections of this Standard  
22 Nonforfeiture Law for Life Insurance. The cash surrender values  
23 referred to in this section shall include any endowment benefits  
24 provided for by the policy.

25 Any cash surrender value available other than in the

1 event of default in a premium payment due on a policy anniversary,  
2 and the amount of any paid-up nonforfeiture benefit available under  
3 the policy in the event of default in a premium payment shall be  
4 determined in manners consistent with the manners specified for  
5 determining the analogous minimum amounts in sections 44-407.01 to  
6 44-407.03, 44-407.05, and 44-407.24. The amounts of any cash  
7 surrender values and of any paid-up nonforfeiture benefits granted in  
8 connection with additional benefits such as those listed in section  
9 44-407.05 shall conform with the principles of this section.

10           Sec. 17. Section 44-408, Reissue Revised Statutes of  
11 Nebraska, is amended to read:

12           44-408 In ascertaining the condition of any life  
13 insurance company, it shall be allowed as assets only such  
14 investments, cash, and accounts as are authorized by the laws of this  
15 state, or of the state or country in which it is organized at the  
16 date of examination. There shall be charged against it as liabilities  
17 in addition to the capital stock, all outstanding indebtedness of the  
18 company, and the premium reserve on policies and additions thereto in  
19 force, computed according to the tables of mortality and rate of  
20 interest prescribed in sections ~~44-402~~ 44-402.01 to 44-407.09.

21           Sec. 18. Original sections 44-403, 44-404, 44-407.23,  
22 44-407.24, 44-407.26, and 44-408, Reissue Revised Statutes of  
23 Nebraska, are repealed.

24           Sec. 19. The following section is outright repealed:  
25 Section 44-402, Reissue Revised Statutes of Nebraska.