

**MAXIMUM VALUATION AND NONFORFEITURE INTEREST RATE CHANGES
INSERT PAGE FILING REQUIREMENTS**

Effective January 1, 2013, the statutory maximum valuation interest rate will reduce from 4% to 3.5% for life insurance policies with a guaranteed duration of more than 20 years. The 3.5% rate will apply to all policies issues on or after January 1, 2013.

In addition, effective January 1, 2013, the statutory maximum nonforfeiture interest rate will reduce from 5.0% to 4.5% for life insurance policies with a guaranteed duration of more than 20 years. In accordance with the Standard Nonforfeiture Law for Life Insurance, Section 410A(e)(8)(A)(40 P.S. §510.1(e)(8)(A)) of the Insurance Company Law, nonforfeiture values for all policies issued in 2013 may, at the option of the insurer, be calculated based on an interest rate not exceeding the nonforfeiture interest rate for policies issued in 2012.

Please note that the Department will not approve any life insurance policy after September 30, 2012, which (a) does not comply with the aforementioned revised valuation interest rate standard or (b) does not comply with the aforementioned revised nonforfeiture interest rate unless the Company is using the option as provided in Section 410A(e)(8)(A) (40 P.S. §510.1(e)(8)(A)) for the noted form(s).

Any previously approved form revised **solely** to comply with the changes in the maximum interest rate standards must be submitted to the Department via SERFF for review. The Filing Description in the General Information tab (or a separate cover letter provided under Supporting Documentation) should clearly state the purpose of the submission. The explanation must identify by form number, the previously approved form(s) that will be revised along with their SERFF tracking number(s). If the previously approved form(s) was filed as a paper filing, a copy of the form(s) bearing the Department's approval stamp should be provided as Supporting Documentation. In addition, the following information is required:

Form Schedule Tab

- Revised data/specifications pages, as applicable
- Updated table of cash values , if applicable
- If the policy text page(s) show the interest rate(s), a revised text page(s) must be filed
- If the policy contains a variable loan interest rate pursuant to Section 410F, and an exact percentage is printed in the policy text derived using the cash surrender value interest rate, a revised text page must be filed to the extent the cash surrender value interest rate has changed

Supporting Documentation Tab

- A certification that no other changes have been made to the form
- An updated actuarial memorandum including demonstrations of nonforfeiture compliance
- If an indeterminate product, an updated AG22 certification is required

In other cases, with respect to forms subject to prior review and approval, the form must be submitted for review by the Department as a new filing or in accordance with Chapter 153 of Title 31, Pennsylvania Code as applicable.

Please contact Wayne Fetsko at (717) 783-2312 or via email at wfetsko@pa.gov with any questions.