

**2751.0800 RESERVE LIABILITIES.**

Reserve liabilities for modified guaranteed annuities shall be established in accordance with actuarial procedures that recognize:

- A. that assets of the separate account are based on market values;
- B. the variable nature of benefits provided; and
- C. any mortality guarantees.

As a minimum, the separate account liability will equal the surrender value based upon the market-value adjustment formula contained in the contract. If that liability is greater than the market value of the assets, a transfer of assets will be made into the separate account so that the market value of the assets at least equals that of the liabilities. Also, any additional reserve that is needed to cover future guaranteed benefits will also be set up by the valuation actuary.

The market-value adjustment formula, the interest guarantee, and the degree to which projected cash flow of assets and liabilities are matched must also be considered. Each year, the valuation actuary must provide an opinion on whether the assets in the separate account are adequate to provide all future benefits that are guaranteed.

**Statutory Authority:** *MS s 45.023; 61A.20*

**History:** *14 SR 2052*

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