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VARIABLE ANNUITIES CHECKLIST

Every effort has been made to ensure the accuracy of the information in this document. All parties should consult the Texas Insurance Code, the Texas Administrative Code, and other applicable laws.

Important Note

Variable contracts must also meet the requirements in the Individual Deferred Annuities Checklist and Group Annuities Checklist, when applicable.

Form Use - *For each listed item, complete the following:*

Page No. field *- enter a form page number reference, or N/A if not applicable.*

First comment box *- enter general comments or form objections. In the drop down box select: No Comments, Comments, or Objection.*
Text size: 1200 characters. When you print the form, only the visible text (first three lines) will print.
To view the full text in a comment box, click on the + icon in the lower right corner of the box and then use the up or down scroll buttons.

Second comment box labeled Company Response *- enter a response if the first box is marked Objection (optional)*

Use the last two pages of this form for additional comments, objections and responses (text size: 4000 characters).

Separate Accounts - TIC Chapter 1152; 28 TAC §3.704(a)

Page No.

One or more separate accounts must be established.

Company Response

28 TAC §3.705(2)(A)

Page No.

The cover page or page corresponding to the cover page of each contract must include:

A prominent statement that the benefits under the contract are on a variable basis; and

A prominent statement that the dollar amounts will vary to reflect the investment experience of the separate account(s).

Company Response

28 TAC §3.705(2)(B)

Page No.

The contract must describe the investment increment factors (Net Investment Factor) used in computing dollar amounts of variable benefits (accumulation value, cash surrender value, death benefit and annuitization benefit).

In computing the dollar amount of variable benefits or other contractual payments or values under an individual variable annuity contract:

The annual interest rate or investment rate assumption must not exceed 5.0%, except with the approval of the commissioner (see note below); and

The mortality factor must be determined from the Annuity Mortality Table for 1949, Ultimate, or any modification of that table not having a higher mortality rate at any age, or, if approved by the commissioner, from another table;.

Note: Requests for approval of annual interest or investment rates in excess of 5% and no greater than 6% must be accompanied by:

A. a sample disclosure statement to be provided with the application. If no application is used, please provide the form used to indicate premium allocations.
B. an illustration reflecting comparisons at the various assumption rates (to be provided with the disclosure).
C. a prominent statement on the application where the election of the assumption rate is made. Such statement must clearly disclose that the election of a higher rate will initially generate a higher annuity payment, but will also cause subsequent payments to increase less rapidly, and decrease at a more rapid pace than payments based on a lower rate.

Company Response

28 TAC §3.705(2)(C)

Page No.

A provision stating the name of the separate account(s).

Note: The name of a separate account may be bracketed as variable material. A limited refiling which indicates only changes to the separate account for variable products will be required for all new issues. Ref. 28 TAC 3.2(6)(D) and 28 TAC 3.4004(a)(6).

Company Response

Page No.

A provision stating that the portion of the separate account assets, equal to the reserves and other contract liabilities with respect to the account, must not be chargeable with liabilities arising out of any other business the company may conduct.

Company Response

Requirements of 28 TAC §3.705 (2)(D)-(I) are addressed in the Individual Deferred Annuities Checklist.

28 TAC §3.705(2)(J) and (K)

Page No.

A provision stating that the company shall mail to the individual contractholder or group contractholder at least once each year after the first, at his or her last address known to the company a statement reporting the investments held in the separate account.

Company Response

Page No.

A provision stating that the company must mail a policy status report as of a date not more than four months prior to the date of mailing for individual variable annuities.

Company Response

28 TAC §3.705(3)(D)(i)

Page No.

The plan for the paid-up annuity benefit must provide a statement of the mortality table, if any, and guaranteed or assumed interest rates used in calculating annuity payments.

Company Response

28 TAC §3.705(3)(D)(ii)

Page No.

If a contract provides for a lump sum settlement at maturity, or at any other time, that upon surrender of the contract at or prior to the commencement of any annuity payments, the company will pay in lieu of any paid-up annuity benefit a cash surrender benefit as described in the contract. The contract may provide that the company reserves the right, at its option, to defer the determination and payment of any cash surrender benefit for any period during which the New York Stock Exchange is closed for trading (except for normal holiday closing) or when the Securities and Exchange Commission has determined that a state of emergency exists which may make such determination and payment impractical.

Company Response

Page No.

Deferment of cash surrender benefit for the fixed account must not exceed six months (TIC §1107.003(c)).

Company Response

28 TAC §3.705(3)(D)(iii)

Page No.

A statement must be provided that paid-up annuity, cash surrender, or death benefits are not less than minimum values and an explanation of the manner in which benefits are altered by additional amounts credited, indebtedness, or any prior withdrawals from or partial surrenders of the contract.

Company Response

28 TAC §3.705(3)(F) and 3.4(q)

Page No.

The actuarial memorandum must provide a nonforfeiture demonstration in compliance with TIC Chapter 1107.

Company Response

28 TAC §3.705(3)(E) and (G)

Page No.

A demonstration must be provided showing that the nonforfeiture amounts are in compliance with the following assumptions:

A table reflecting 20 years of values for both the separate and the fixed account;

An investment return of 7% per year for the separate account;

An investment of 3% per year for the fixed account;

A transfer charge of $10.00 for the separate account;

A monthly consideration of $100 for each month;

A single consideration of $10,000 (for single premium policies);

An allocation assumption of 100% to the separate account.

Company Response

Requirements of 28 TAC §3.705(3)(H)-(J) are also addressed in the Individual Deferred Annuities Checklist.

28 TAC §3.705(3)(H)

Page No.

The present value of the paid-up benefit must at least equal the minimum nonforfeiture amount on the annuity commencement date.

Company Response

28 TAC §3.705(3)(I)

Page No.

Cash surrender benefits must not be less than the minimum nonforfeiture amount next computed after the request for surrender is received by the company.

Company Response

Page No.

The death benefit must be at least equal to the cash surrender benefit.

Company Response

28 TAC §3.705(3)(J)

Page No.

The contract must provide a prominent statement that cash surrender benefits or death benefits are not provided, if applicable.

Company Response

28 TAC §3.705(3)(K)

Page No.

The company may cancel the contract and pay the contractholder its cash surrender value and be released from further obligation if:

At the time the annuity becomes payable, the accumulated value is less than $2,000, or provides an income the initial amount of which is less than $20.00 per month; or

If prior to the time the annuity becomes payable, no considerations have been received under the contract for a period of two full years, and both:

The total considerations paid, reduced to reflect any partial withdrawals from or partial surrenders of the contract; and

The accumulated value amount is less than $2,000.

Company Response

28 TAC §3.705(3)(L)

Page No.

For variable annuity contracts which provide annuity and life insurance benefits in excess of the greater of the cash surrender benefits or a return of the gross consideration with interest, the minimum nonforfeiture benefits must be equal to:

The sum of the minimum nonforfeiture benefits for the annuity portion and the minimum nonforfeiture benefits, if any, for the life insurance portion computed as if each portion were a separate contract.

Company Response

Reserves and Nonforfeiture Benefits - TIC Chapter 425

Page No.

The company must establish a reserve liability pursuant to Chapter 425, TIC, that recognizes the variable nature of the benefits provided and the guarantees.

Company Response

Disclosure of Guaranty Fund Nonparticipation - 28 TAC §1.1001

Page No.

For contracts with separate and fixed accounts:

The first page of the policy must contain in no less than 10-point type a disclosure of guaranty fund nonparticipation applicable to the separate account. The language may state: "The separate account is not covered by an insurance guaranty fund or other solvency protection arrangement because the risk is borne by the policyholder."

For contracts with separate account(s) only:

The first page of the policy must contain in no less than 10-point type a disclosure of guaranty fund nonparticipation applicable to the separate account. The language may state: "This contract is not covered by an insurance guaranty fund or other solvency protection arrangement because this contract is a contract under which the risk is borne by the policyholder."

Company Response

Transfers - TIC Chapter 1701; 28 TAC §3.2(9)(C)

Page No.

The form must define any minimum or maximum applicable to:

Transfer amounts,

Transfer charges, or

Time intervals between transfers.

Note: A transfer provision which contains language allowing the insurer to reserve the right to deny a transfer that would be to the disadvantage of other Contract Owners is acceptable providing that the provision will be administered in a manner that will not be unfairly discriminatory pursuant to TIC §541.057. An explanation of how such provision will be administered should be submitted with the filing.

Company Response

Dollar Cost Averaging - TIC Chapter 1701; 28 TAC §3.2(9)(C)

Page No.

The application used to specify the DCA account must be provided.

Company Response

Page No.

The provision must explain what happens at the end of a DCA term.

Company Response

Page No.

The provision must clarify whether or not the allocation of premium payments may be changed during a DCA term.

Company Response

See next pages for additional comments or objections and space for additional responses, if any.

Additional Comments or Objections:

Additional Company Responses:

Company Response