JAMES H. "JIM" BROWN
COMMISSIONER OF INSURANCE
STATE OF LOUISIANA

P.O. BOX [illegible]
BATON ROUGE, LOUISIANA 70804-[illegible]
(504) 342-[illegible]

August 1, 1996

DIRECTIVE NUMBER 138

DEFERRED ANNUITY NON-FORFEITURE REQUIREMENT

IT HAS BEEN BROUGHT TO MY ATTENTION THAT A CLARIFICATION IS NEEDED REGARDING THE CASH SURRENDER VALUES WHICH RESULT FROM THE APPLICATION OF LOUISIANA'S DEFERRED ANNUITY NON-FORFEITURE LAW REQUIREMENTS.

THEREFORE, I HEREBY ORDER AND DIRECT THAT ON OR AFTER THE OPERATIVE DATE OF THIS DIRECTIVE:

ANY DEFERRED ANNUITY CONTRACT SOLD BY A COMPANY LICENSED TO DO BUSINESS IN THE STATE OF LOUISIANA IS REQUIRED TO PROVIDE TO THE OWNER OF SUCH A DEFERRED ANNUITY CONTRACT A MINIMUM CASH NON-FORFEITURE VALUE BEING DETERMINED AS THE GREATER OF:

A) THAT STIPULATED UNDER THE DEFERRED ANNUITY CONTRACT
B) THAT AS DETERMINED UNDER R.S. 22:173.1(E)
C) THAT AS DETERMINED UNDER R.S. 22:173.1(C)

IN ADDITION, THE GUIDELINES AND PROCEDURES PROVIDED IN ACTUARIAL GUIDELINE III, OF THE FINANCIAL CONDITION EXAMINERS HANDBOOK OF THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, MUST BE FOLLOWED.

THE SPECIFICS OF THIS DIRECTIVE APPLY TO ANNUITIES SOLD IN LOUISIANA. COMPLIANCE WITH THE REQUIREMENTS OF FOREIGN STATES WOULD BE THE RESPONSIBILITY OF THE STATE IN QUESTION.

Jim Brown

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