**Section 1407.70 Actuarial Disclosure and Reserves**

a) Actuarial Memorandum. Concurrently with the accelerated benefit policy form filing required by this Part, each insurer shall file with the Director an actuarial memorandum prepared by a qualified actuary that describes the accelerated benefits, the risks, the expected costs and the calculation of statutory reserves.

b) When benefits are provided through the acceleration of benefits under group or individual policies or riders to such policies, policy reserves shall be determined in accordance with Section 223 of the Illinois Insurance Code [215 ILCS 5/223]. All valuation assumptions used in constructing the reserves shall be determined as appropriate for statutory valuation purposes by a qualified actuary. Reserves in the aggregate shall be sufficient to cover:

1) Policies upon which no claim has yet arisen; and

2) Policies upon which an accelerated benefits claim has arisen.

c) For policies and certificates which provide actuarially equivalent benefits, no additional reserves need to be established.

d) Policy liens and policy loans, including accrued interest, represent assets of the company for statutory reporting purposes. For any policy on which the policy lien exceeds the policy's statutory reserve liability, such excess must be held as a non-admitted asset.

(Source: Amended at 24 Ill. Reg. 15066, effective October 2, 2000)