**Section 1410.60 General Account Modified Guaranteed Annuity (GAMGA) Contract Requirements**

a) Mandatory Contract Benefit and Design Requirements

1) Any MGA contract delivered or issued for delivery in this State shall contain a statement of the procedures to be followed by the insurer in determining the dollar amount of nonforfeiture benefits.

2) No MGA contract calling for the payment of periodic stipulated payments shall be delivered or issued for delivery in this State unless it contains the following provisions:

A) A provision that there shall be a grace period of 30 days or one month following the premium due date during which the contract shall remain in force and, within which any payment due to the insurer, other than the first, may be made. The contract may include a statement of the basis for determining the date as of which any payment received during the grace period shall be applied to produce the values under the contract.

B) A provision that, at any time within one year from the date of default, the contract may be reinstated upon payment to the insurer of any overdue payments required by contract, and of all indebtedness to the insurer on the contract, including interest. Reinstatement may not occur if the cash value has been paid. The contract may include a statement of the basis for determining the date as of which the amount to cover the overdue payments and indebtedness shall be applied to produce the values under the contract.

3) The MVA formula, used in determining nonforfeiture benefits, must be stated in the contract and must be applicable for both upward and downward adjustments. When a contract is filed, it must be accompanied by an actuarial certification by a qualified actuary indicating the basis for the MVA formula and that the formula provides reasonable equity to both the contractholder and the insurer.

b) Nonforfeiture Benefits

1) This subsection (b) does not apply to any of the contracts excluded in Section 229.4a(2) of the Code.

2) Any paid-up annuity benefit available under an MGA contract shall be such that its present value on the annuity commencement date is at least equal to the Adjusted Minimum Nonforfeiture Amount on that date. The present value shall be computed using the mortality table, if any, and the guaranteed or assumed interest rates used in calculating the annuity payments.

3) For MGA contracts that provide cash surrender benefits, the cash surrender benefit at any time prior to the annuity commencement date shall not be less than the Adjusted Minimum Nonforfeiture Amount next computed after the request for surrender is received by the insurer. The death benefit under MGA contracts shall be at least equal to the cash surrender benefit. The contract may provide that the insurer may defer payment of the cash surrender benefit for a period of 6 months after demand.

4) Any MGA contract that does not provide cash surrender benefits or does not provide death benefits at least equal to the Adjusted Minimum Nonforfeiture Amount prior to the annuity commencement date shall include a statement in a prominent place in the contract that the benefits are not provided.

5) For any MGA contract that provides, within the same contract by rider or supplemental contract provision, both annuity benefits and life insurance benefits that are in excess of the greater of cash surrender benefits (without regard to any surrender charges) or a return of the gross considerations with interest, the minimum nonforfeiture benefits shall be equal to the sum of the Adjusted Minimum Nonforfeiture Amount 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.

c) The Application

The application for an MGA shall prominently state that amounts payable under the contract are subject to a market value adjustment prior to a date or dates specified in the contract. The statement shall be placed immediately above the signature line on the application.

(Source: Amended at 42 Ill. Reg. 14239, effective July 12, 2018)