**Section 1551.40 Separate Accounts**

A domestic company issuing variable contracts shall establish one or more separate accounts pursuant to Section 245.21 of the Code, subject to the following provisions of this Section:

a) Reserves for:

1) benefits guaranteed as to dollar amount and duration, and

2) funds guaranteed as to principal amount or stated rate of interest, which may be maintained in a separate account if a portion of the assets of such separate account at least equal to such reserve liability is invested in accordance with the laws and regulations of this State governing the investments of life insurance companies. Such portion of the assets also shall not be taken into account in applying the investment limitations otherwise applicable to the investments of the company. If a variable contract includes incidental minimum guarantees as referred to in Section 1551.60(c)(3)(B) of this Part, this subsection (a)(2) shall apply only to the reserves for any excess of such minimum guarantees over the reserves for the benefits that would be payable under the contract if there were no such minimum guarantees.

b) The company shall maintain in each separate account assets with a value at least equal to the reserves and other contract liabilities with respect to such account, except as may otherwise be approved by the Director.

c) All provisions of the Illinois Insurance Code and any administrative regulations issued thereunder applicable to the officers and directors of insurance companies with respect to conflicts of interest shall also apply to members of any separate account's committee, board or other similar body. No officer or director of such company nor any member of the committee, board or body of a separate account shall receive directly or indirectly any commission or any other compensation with respect to the purchase or sale of assets of such separate account.

d) Any insurance company which issues or delivers variable contracts shall establish such administrative and accounting procedures as are necessary to properly identify the one or more separate accounts of the company derived from or in relation to contributions, premiums or considerations received by it under such contracts and which meet the standards specified in Section 133(1) of the Illinois Insurance Code [215 ILCS 5/133(1)].

(Source: Amended at 25 Ill. Reg. 4208, effective March 5, 2001)