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COUNCIL OF THE DISTRICT OF COLUMBIA

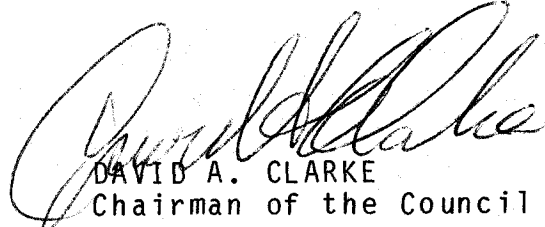
NOTICE

D.C. LAW 10-85

"Modified Guaranteed Contracts Temporary
Amendment Act of 1993".

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P. L. 93-198, "the Act", the Council of the District of Columbia adopted Bill No. 10-460 on first and second readings, November 2, 1993, and December 7, 1993, respectively. Following the signature of the Mayor on December 16, 1993, this legislation was assigned Act No. 10-159, published in the December 31, 1993, edition of the D.C. Register, (Vol. 40 page 8868) and transmitted to Congress on December 28, 1993 for a 30-day review, in accordance with Section 602(c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and therefore, cites this enactment as D.C. Law 10-85, effective March 19, 1994.


DAVID A. CLARKE
Chairman of the Council

Dates Counted During the 30-day Congressional Review Period:

January	25,26
February	1,2,3,4,7,8,9,10,11,22,23,24,25,28
March	1,2,3,4,7,8,9,10,11,14,15,16,17,18

AN ACT

Codification

D.C. ACT 10-159

District of Columbia Code
(1994 Supplement)

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

DECEMBER 16, 1993

To amend, on a temporary basis, the Life Insurance Act to authorize domestic life insurance companies to offer modified guaranteed contracts.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Modified Guaranteed Contracts Temporary Amendment Act of 1993".

Sec. 2. Section 41 of chapter III of the Life Insurance Act, approved June 12, 1960 (74 Stat. 218; D.C. Code § 35-639), is amended as follows:

Note,
Section
35-639

(a) A new subsection (a-1) is added to read as follows:

"(a-1) Every domestic life insurance company that issues modified guaranteed contracts may establish one or more separate accounts in connection with these types of contracts. All amounts received by the company to provide benefits under contracts for which separate accounts have been established shall be added to the appropriate separate account. Amounts allocated by the company to separate accounts for modified guaranteed contracts shall be owned by the company, the assets therein shall be the property of the company, and no company by reason of such account shall be or hold itself out to be a trustee. The assets of any such separate account shall not be chargeable with liabilities arising out of any other business the company may conduct. For the purposes of this section, the term:

"(1) "Modified guaranteed annuity" means any group or individual contract for an annuity in which the benefits are guaranteed if held for specified periods and nonforfeiture values are based upon a market-value adjustment formula if held for shorter periods. The formula may or may not reflect the investment experience of any separate account. The assets underlying the annuity contract must be maintained by the insurance company in a separate account during the period, or periods, when the annuity becomes payable.

"(2) "Modified guaranteed contracts" means a modified guaranteed annuity or modified guaranteed life insurance policy or contract.

"(3) "Modified guaranteed life insurance" means any group or individual policy of life insurance, the underlying assets of which are held in a separate account, in which the benefits are guaranteed if held for specified periods and nonforfeiture values are based upon a

market-value adjustment formula if held for shorter periods. The formula may or not reflect the investment experience of any separate account. The assets underlying the policy must be maintained by the insurance company in a separate account during the period, or periods, when the policyholder can surrender the policy."

(b) Subsection (c) is amended after the phrase "variable contracts", wherever it appears, by adding the phrase "or modified guaranteed contracts".

(c) Subsection (d) is amended after the phrase "variable contracts" by adding the phrase "or modified guaranteed contract".

(d) Subsection (e) is amended to read as follows:

"(e) The provisions of this section shall not apply to any contracts which do not provide for payments which vary directly according to investment experience other than modified guaranteed contracts and shall not apply to contracts issued pursuant to subsection (l) of this section."

(e) Subsection (f) is amended by striking the phrase "Council of the District of Columbia" and adding the word "Superintendent" in its place.

(f) Subsection (g) is amended after the phrase "vary directly according to investment experience" by adding the phrase ", except modified guaranteed contracts unless otherwise provided by rules and regulations promulgated by the Superintendent".

(g) New subsections (h), (i), (j), (k), and (l) are added to read as follows:

"(h) Unless otherwise approved by the Superintendent, separate accounts relating to modified guaranteed contracts will be subject to investment laws applicable to a life insurance company's general asset account.

"(i) Any modified guaranteed contract delivered or issued for delivery in the District, and any certificate evidencing nonforfeiture benefits that vary according to market-value adjustment formula issued pursuant to any life insurance or annuity contract issued on a group basis shall contain, on its first page, a prominent statement that the nonforfeiture value may increase or decrease, based on the market-value adjustment formula in the contract, and, for modified guaranteed life insurance only, be accompanied by a written disclosure to the purchaser of the policy's interest adjusted net cost index in compliance with regulations or forms approved by the Superintendent.

"(j) To the extent necessary to comply with the Federal Investment Company Act of 1940, as now or later amended, or any rules issued thereunder, the insurance company may adopt special procedures for the conduct of the business and affairs of the modified guaranteed contract separate accounts, and may, for persons having beneficial interests therein, provide special voting and other rights, including special rights and procedures relating to investment policy, investment advisory services, selection of certified public accountants, and selection of a committee, the members of which need not be otherwise affiliated with the corporation, to manage the business and affairs of the account.

"(k) Reasonable actuarial expenses incurred in connections with approval of a modified guaranteed contract shall be paid by the person seeking approval of such a contract.

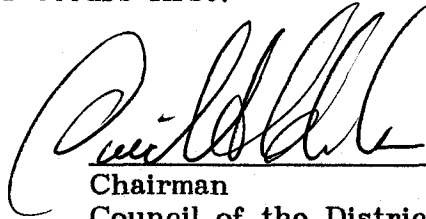
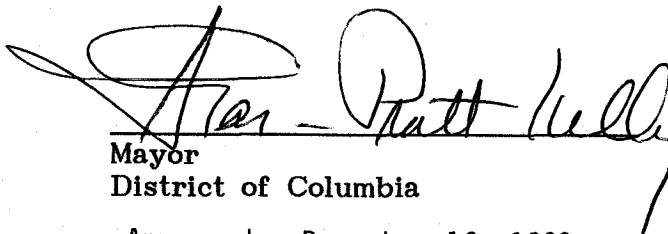
"(l)(1) Every domestic life insurance company which issues modified guaranteed contracts in connection with a pension, retirement, or profit

sharing plan may, after adoption of a resolution by its board of directors and delivery of certification of that adoption to the Superintendent, establish one or more separate accounts in connection with these types of contracts. The contracts may provide for payments and nonforfeiture values which vary according to investment experience of the accounts, for guaranteed payments and nonforfeiture values, for payments and nonforfeiture values that are subject to a market value adjustment formula, or for any other type of payments or incidental benefits. Any income and any realized or unrealized gain or loss on each separate account established pursuant to this paragraph shall be credited to or charged against that separate account in accordance with the terms of the contract without regard to the other income, gains, or losses of the company. Amounts allocated to the separate account shall be owned by the company, the assets therein shall be the property of the company, and no company by reason of such account shall be or hold itself out to be trustee. Unless the contract provides otherwise, the assets of any such separate account shall not be chargeable with liabilities arising out of any other business the company may conduct.

"(2) Notwithstanding any other provision of this act, the amounts accumulated in or allocated to separate accounts established pursuant to this subsection may be invested and reinvested in any kinds of investment. The investments shall not be taken into account in applying the investment limitations of section 35 to investments made by the company."

Sec. 3. (a) This act shall take effect after a 30-day period of Congressional review following approval by the Mayor (or in the event of veto by the Mayor, action by the Council of the District of Columbia to override the veto) as provided in section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-233(c)(1)), and publication in either the District of Columbia Register, the District of Columbia Statutes-at-Large, or the District of Columbia Municipal Regulations.

(b) This act shall expire on the 225th day of its having taken effect or upon the effective date of the Modified Guaranteed Contracts Act of 1993, whichever occurs first.


Chairman
Council of the District of Columbia
Mayor
District of Columbia

Approved : December 16, 1993



COUNCIL OF THE DISTRICT OF COLUMBIA

Council Period

RECORD OF OFFICIAL COUNCIL VOTE

DOCKET NO: Bill 10-460

☐ Item on Consent Calendar

☒ ACTION & DATE: Adopted First Reading, 11-2-93

☒ VOICE VOTE: Approved

Recorded vote on request

Absent: Lightfoot

☐ ROLL CALL VOTE: — RESULT _____ (/ /)

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. CLARKE					EVANS					RAY				
BARRY					JARVIS					SMITH, JR.				
BRAZIL					LIGHTFOOT					THOMAS, SR.				
CHAVOUS					MASON									
CROPP					NATHANSON									

X — Indicates Vote

A.B. — Absent

N.V. — Present, not voting

CERTIFICATION RECORD

Philip Jones

Secretary to the Council

12/9/93

Date

☒ Item on Consent Calendar

☒ ACTION & DATE: Adopted Final Reading, 12-7-93

☒ VOICE VOTE: Approved

Recorded vote on request

Absent: Chavous, Smith and Nathanson

☐ ROLL CALL VOTE: — RESULT _____ (/ /)

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. CLARKE					EVANS					RAY				
BARRY					JARVIS					SMITH, JR.				
BRAZIL					LIGHTFOOT					THOMAS, SR.				
CHAVOUS					MASON									
CROPP					NATHANSON									

X — Indicates Vote

A.B. — Absent

N.V. — Present, not voting

CERTIFICATION RECORD

Philip Jones

Secretary to the Council

12/9/93

Date

☐ Item on Consent Calendar

☐ ACTION & DATE: _____

☐ VOICE VOTE: _____

Recorded vote on request

Absent: _____

☐ ROLL CALL VOTE: — RESULT _____ (/ /)

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. CLARKE					EVANS					RAY				
BARRY					JARVIS					SMITH, JR.				
BRAZIL					LIGHTFOOT					THOMAS, SR.				
CHAVOUS					MASON									
CROPP					NATHANSON									

X — Indicates Vote

A.B. — Absent

N.V. — Present, not voting

CERTIFICATION RECORD

Secretary to the Council

Date