

191—97.3(508) Definitions. For the purposes of this chapter, the following definitions shall apply:

“Eligible derivative asset” means:

1. A call or put option derivative asset that is purchased to hedge the growth in interest credited to an indexed product as a direct result of changes in the related external index or external indices, or
2. A call or put option derivative asset that is written to offset all or a portion of a call or put option derivative asset that meets the criteria set forth in paragraph “1” of this definition.

Other derivative instruments, such as index futures, swaps and “swaptions,” that may be used to hedge the growth in interest credited to indexed products as a direct result of changes in the related external index or external indices are not eligible derivative assets because an amortized cost for such instruments does not exist.

“External index” means an index of publicly traded securities that is published or disseminated by a source external to the insurance company, such as, but not limited to, the Standard & Poor’s 500 Composite Stock Index (the S&P 500[®] Index), the Nasdaq-100 Index[®], the Dow Jones Industrial AverageSM, the Hang Seng Index, and the Dow Jones EURO STOXX 50[®] Index.

“Indexed annuity products” means fixed indexed annuity contracts that:

1. Provide a minimum guaranteed interest accumulation on a portion of all premium payments, and
2. Include interest crediting provisions under which interest (which may be subject to caps, participation rates, spreads, terms or similar limitations) is credited based upon the performance of one or more external indices.

“Indexed life products” means fixed indexed life insurance policies that:

1. Provide a minimum guaranteed interest accumulation on a portion of all premium payments, and
2. Include interest crediting provisions under which interest (which may be subject to caps, participation rates, spreads, terms or similar limitations) is credited based upon the performance of one or more external indices.

“Indexed products” means indexed annuity products and indexed life products.

“Interest crediting period” means the period of time over which the performance of an external index or external indices is measured for purposes of determining the amount of interest credited under an indexed product.

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