**Section 1410.70 Reserve Liabilities**

a) The reserve is the greater of (a)(1) or (a)(2) below:

1) the cash surrender value at the date of valuation, excluding the effect of the MVA; or

2) the present value of the contract benefits that are guaranteed, such present value assuming a "B" type contract as defined in Section 223(6)(c)(i)(C)(5) of the Code [215 ILCS 5/223(6)(c)(i)(C)(5)].

b) Each year, the appointed actuary must provide an opinion on whether the assets supporting the MGA contracts are adequate to provide all future benefits that are guaranteed. The MVA formula, the interest guarantees and the degree to which projected cash flow of assets and liabilities are matched must also be considered.