

Readopt with amendments Ins 3507, effective 10-1-12 (Document #10194), to read as follows:

PART Ins 3507 RECOGNITION OF THE 2001 CSO MORTALITY TABLE FOR USE IN DETERMINING MINIMUM RESERVE LIABILITIES AND NONFORFEITURE BENEFITS

Statutory Authority: RSA 400-A:15; RSA 409:5-b, ~~VIII~~(f); RSA 410:2[~~a~~]

Ins 3507.01 Purpose. The purpose of this section is to recognize, permit and prescribe the use of the 2001 Commissioners' Standard Ordinary (CSO) Mortality Table in accordance with RSA 410:3, I[~~]~~, RSA 409:5-b₂, VIII[~~]~~(f), Ins 3504.01 and Ins 3504.02.

Ins 3507.02 Definitions Used in This Section.

(a) "2001 CSO Mortality Table" means that mortality table, consisting of separate rates of mortality for male and female lives, developed by the American Academy of Actuaries CSO Task Force from the Valuation Basic Mortality Table developed by the Society of Actuaries Individual Life Insurance Valuation Mortality Task Force, and adopted by the National Association of Insurance Commissioners (NAIC) in December 2002. The 2001 CSO Mortality Table is included in the proceedings of the NAIC (2nd Quarter 2002). Unless the context indicates otherwise, the "2001 CSO Mortality Table" includes both the ultimate form of that table and the select and ultimate form of that table and includes both the smoker and nonsmoker mortality tables and the composite mortality tables. It also includes both the age-nearest-birthday and age-last-birthday bases of the mortality tables.

(b) "2001 CSO Mortality Table (F)" means that mortality table consisting of the rates of mortality for female lives from the 2001 CSO Mortality Table.

(c) "2001 CSO Mortality Table (M)" means that mortality table consisting of the rates of mortality for male lives from the 2001 CSO Mortality Table.

(d) "Composite mortality tables" means mortality tables with rates of mortality that do not distinguish between smokers and nonsmokers.

(e) "Smoker and nonsmoker mortality tables" means mortality tables with separate rates of mortality for smokers and nonsmokers.

Ins 3507.03 2001 CSO Mortality Table.

(a) At the election of the company for any one or more specified plans of insurance and subject to the conditions stated in this rule, the 2001 CSO Mortality Table may be used as the minimum standard for policies issued on or after January 1, 2005 and before the date specified in (b) to which RSA 410:3, I, RSA 409:5-b, VIII[~~]~~(f), Ins 3504.01 and Ins 3504.02 are applicable. If the company elects to use the 2001 CSO Mortality Table, it shall do so for both valuation and nonforfeiture purposes.

(b) Subject to the conditions stated in this rule, the 2001 CSO Mortality Table shall be used in determining minimum standards for policies issued on and after January 1, 2009, to which RSA 410:3, I[~~]~~, RSA 409:5-b, VIII[~~]~~(f), Ins 3504.01 and Ins 3504.02 are applicable.

Ins 3507.04 Conditions.

(a) For each plan of insurance with separate rates for smokers and nonsmokers an insurer may use:

- (1) Composite mortality tables to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits;
 - (2) Smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by RSA 410:7 and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values and amounts of paid-up nonforfeiture benefits; or
 - (3) Smoker and nonsmoker mortality to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.
- (b) For plans of insurance without separate rates for smokers and nonsmokers the composite mortality tables shall be used.
- (c) For the purpose of determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits, the 2001 CSO Mortality Table may, at the option of the company for each plan of insurance, be used in its ultimate or select and ultimate form, subject to the restrictions of Ins 3505.01 through Ins 3505.08 relative to use of the select and ultimate form.
- (d) When the 2001 CSO Mortality Table is the minimum reserve standard for any plan for a company, the actuarial opinion in the annual statement filed with the commissioner shall be based on an asset adequacy analysis as specified in Ins 2401.05. The commissioner may exempt a company from this requirement if it only does business in this state and in no other state.

Ins 3507.05 Applicability of the 2001 CSO Mortality Table.

- (a) The 2001 CSO Mortality Table may be used in the following manner, subject to the transition dates for use of the 2001 CSO Mortality Table in Ins 3507.03:
- (1) Ins 3502.01 (a)(1)b.2.: The net level reserve premium is based on the ultimate mortality rates in the 2001 CSO Mortality Table.
 - (2) Ins 3503.01 (b): All calculations are made using the 2001 CSO Mortality Rate, and, if elected, the optional minimum mortality standard for deficiency reserves stipulated in Ins 3507.05 (a)[](4). The value of " $qx+k+t-1$ " is the valuation mortality rate for deficiency reserves in policy year $k+t$, but using the unmodified select mortality rates if modified select mortality rates are used in the computation of deficiency reserves.
 - (3) Ins 3504.01: The 2001 CSO Mortality Table is the minimum standard for basic reserves.
 - (4) Ins 3504.02: The 2001 CSO Mortality Table is the minimum standard for deficiency reserves. If select mortality rates are used, they may be multiplied by X percent for durations in the first segment, subject to the conditions specified in Ins 3504.02 (a)(3). In demonstrating compliance with those conditions, the demonstrations may not combine the results of tests that utilize the 1980 CSO Mortality Table with those tests that utilize the 2001 CSO Mortality Table, unless the combination is explicitly required by rule or necessary to be in compliance with relevant Actuarial Standards of Practice.
 - (5) Ins 3505.03: The valuation mortality table used in determining the tabular cost of insurance shall be the ultimate mortality rates in the 2001 CSO Mortality Table.

(6) Ins 3505.05 (a)(4): The calculations specified in Ins 3505.05 shall use the ultimate mortality rates in the 2001 CSO Mortality Table.

(7) Ins 3505.06 (a)(4): The calculations specified in Ins 3505.06 shall use the ultimate mortality rates in the 2001 CSO Mortality Table.

(8) Ins 3505.07 (a)(2): The calculations specified in Ins 3505.07 shall use the ultimate mortality rates in the 2001 CSO Mortality Table.

(9) Ins 3506.01 (a)(2): The one-year valuation premium shall be calculated using the ultimate mortality rates in the 2001 CSO Mortality Table.

(b) Nothing in this section shall be construed to expand the applicability of Ins 3500 to include life insurance policies exempted under Ins 3502.01.

Ins 3507.06 Gender-Blended Tables.

(a) For any ordinary life insurance policy delivered or issued for delivery in this state on and after January 1, 2005, that utilizes the same premium rates and charges for male and female lives or is issued in circumstances where applicable law does not permit distinctions on the basis of gender, a mortality table that is a blend of the 2001 CSO Mortality Table (M) and the 2001 CSO Mortality Table (F) may, at the option of the company for each plan of insurance, be substituted for the 2001 CSO Mortality Table for use in determining minimum cash surrender values and amounts of paid-up nonforfeiture benefits. No change in minimum valuation standards is implied by this subsection of the rule.

(b) The company may choose from among the blended tables developed by the American Academy of Actuaries CSO Task Force and adopted by the NAIC in December 2002.

(c) It shall not, in and of itself, be a violation of RSA 417 for an insurer to issue the same kind of policy of life insurance on both a sex-distinct and sex-neutral basis.

Ins 3507.07 Waiver or Suspension of Rules.

(a) The commissioner, upon the commissioner's own initiative or upon request by an insurer, shall waive any requirement of this chapter if such waiver does not contradict the objective or intent of the rule and:

(1) Applying the rule provision would cause confusion or would be misleading to consumers;

(2) The rule provision is in whole or in part inapplicable to the given circumstances;

(3) There are specific circumstances unique to the situation such that strict compliance with the rule would be onerous without promoting the objective or intent of the rule provision; or

(4) Any other similar extenuating circumstances exist such that application of an alternative standard or procedure better promotes the objective or intent of the rule provision.

(b) No requirement prescribed by statute shall be waived unless expressly authorized by law.

(c) Any person or entity seeking a waiver shall make a request in writing.

(d) A request for a waiver shall specify the basis for the waiver and proposed alternative, if any.

Appendix A- Statutes Implemented

Rule	Specific State Statute that the Rule Implements
Ins 3507.01	RSA 400-A:15; 410:3 VI [H] ; RSA 408:33; RSA 409:5-b, VIII(f)
Ins 3507.02	RSA 410:2; RSA 408:33; RSA 409:5-b; RSA 409:5-c; RSA 409:6-a
Ins 3507.03	RSA 410:4; RSA 410:5; [RSA 410:6;] RSA 410:7; RSA 408:33; 409:5-b; 409:5-c; RSA 409:6-a
Ins 3507.04	RSA 410:4; RSA 410:5; [RSA 410:6;] RSA 410:7; RSA 408:33; RSA 409:5-b; RSA 409:5-c; RSA 409:6-a
Ins 3507.05	RSA 410:4; RSA 410:5; [RSA 410:6;] RSA 410:7; RSA 408:33; RSA 409:5-b; RSA 409:5-c; RSA 409:6-a
Ins 3507.06	RSA 410:4; RSA 410:5; [RSA 410:6;] RSA 410:7; RSA 408:33; RSA 409:5-b; RSA 409:5-c; RSA 409:6-a
<i>Ins 3507.07</i>	<i>RSA 400-A:15</i>