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**IDAPA 18
TITLE 01
CHAPTER 59**

**18.01.59 - RULE TO IMPLEMENT THE RECOGNITION 2001 CSO MORTALITY
TABLE FOR USE IN DETERMINING MINIMUM RESERVE
LIABILITIES AND NONFORFEITURE BENEFITS**

000. LEGAL AUTHORITY.

This rule is promulgated and adopted pursuant to the authority granted by Sections 41-211, 41-612 and 41-1927, Idaho Code. (3-20-04)

001. TITLE AND SCOPE.

01. Title. This chapter shall be cited in full as IDAPA 18.01.59, "Recognition of the 2001 CSO Mortality Table for Use In Determining Minimum Reserve Liabilities and Nonforfeiture Benefits." (3-20-04)

02. Scope. The purpose of this rule is to recognize, permit and prescribe the use of the 2001 Commissioners Standard Ordinary (CSO) Mortality Table in accordance with Sections 41-612(4)(a)(iii) and 41-1927(9)(d)(viii)(B)(6), Idaho Code, and IDAPA 18.01.47, "Valuation of Life Insurance Policies Including the Introduction and Use of New Select Mortality Factors," Subsections 005.01 and 005.02. (3-20-04)

002. WRITTEN INTERPRETATIONS.

The Department of Insurance may have written statements that pertain to the interpretation of the rules in this chapter. Any written statements shall be available for review at the Department of Insurance, 700 W. State Street, Boise, ID 83720. (3-20-04)

003. ADMINISTRATIVE APPEALS.

All hearings before the Director of the Department of Insurance shall be governed by Chapter 2, Title 41, and Chapter 52, Title 67, Idaho Code. Any appeal from a decision of the Director can be taken to District Court pursuant to Chapter 52, Title 67, Idaho Code and the Idaho Rules of Civil Procedure. (3-20-04)

004. INCORPORATION BY REFERENCE.

The Director of the Department of Insurance adopts by reference the 2001 CSO Mortality Table. The table is available on the internet by accessing the department's website at <http://www.doi.idaho.gov>. (3-20-04)

005. OFFICE -- OFFICE HOURS -- MAILING ADDRESS -- STREET ADDRESS.

This office is open from 8 a.m. to 5 p.m., except Saturday, Sunday and legal holidays. The department's mailing address is: Idaho Department of Insurance, PO Box 83720, Boise, Idaho 83720-0043. The principal place of business is 700 West State Street, 3rd Floor, Boise, Idaho 83702-0043. (3-20-04)

006. PUBLIC RECORDS.

Any records associated with these rules are subject to the provisions of the Idaho Public Records Act, Title 9, Chapter 3, and Title 41, Idaho Code. (3-20-04)

007. -- 009. (RESERVED)

010. DEFINITIONS.

As used in this rule, unless the context requires otherwise, the following words shall have the following meanings: (3-20-04)

01. 2001 CSO Mortality Table. 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 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. (3-20-04)

02. 2001 CSO Mortality Table (F). Mortality table consisting of the rates of mortality for female lives from the 2001 CSO Mortality Table. (3-20-04)

03. 2001 CSO Mortality Table (M). Mortality table consisting of the rates of mortality for male lives from the 2001 CSO Mortality Table. (3-20-04)

04. Composite Mortality Tables. Mortality tables with rates of mortality that do not distinguish between smokers and nonsmokers. (3-20-04)

05. Smoker and Nonsmoker Mortality Tables. Mortality tables with separate rates of mortality for smokers and nonsmokers. (3-20-04)

011. -- 099. (RESERVED)

100. 2001 CSO MORTALITY TABLE.

01. Election of the Company. At the election of the company for any one (1) 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, 2004 and before the date specified in Subsection 004.02 to which Sections 41-612(4)(a)(iii) and 41-1927(9)(d)(viii)(B)(6), Idaho Code, IDAPA 18.01.47.005.01 and 005.02 are applicable. If the company elects to use the 2001 CSO Mortality Table, it shall do so for both valuation and nonforfeiture purposes. (3-20-04)

02. Minimum Standards for Policies. 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 Sections 41-612(4)(a)(iii) and 41-1927(9)(d)(viii)(B)(6), Idaho Code, IDAPA 18.01.47.005.01 and 005.02 are applicable. (3-20-04)

101. -- 199. (RESERVED)

200. CONDITIONS.

01. Plans with Separate Rates for Smokers and Nonsmokers. For each plan of insurance with separate rates for smokers and nonsmokers an insurer may use: (3-20-04)

a. Composite mortality tables to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits; (3-20-04)

b. Smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by Section 41-612(10), Idaho Code, and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values and amounts of paid-up nonforfeiture benefits; or (3-20-04)

c. Smoker and nonsmoker mortality to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits. (3-20-04)

02. Plans Without Separate Rates for Smokers and Nonsmokers. For plans of insurance without separate rates for smokers and nonsmokers the composite mortality tables shall be used. (3-20-04)

03. Determining Minimum Reserve Liabilities and Minimum Cash Surrender Values and Amounts of Paid-Up Nonforfeiture Benefits. 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 Section 006 of this rule and IDAPA 18.01.47 relative to use of the select and ultimate form. (3-20-04)

04. The 2001 CSO Mortality Table Is the Minimum Reserve Standard. 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 director shall be based on an asset adequacy analysis as specified in IDAPA 18.01.77.005.08. The director may exempt a company from this requirement if it only does business in this state and in no other state. (3-20-04)

201. -- 299. (RESERVED)

300. APPLICABILITY OF THE 2001 CSO MORTALITY TABLE TO IDAPA 18.01.47.

01. Use of the 2001 CSO Mortality Table. The 2001 CSO Mortality Table may be used in applying IDAPA 18.01.47 in the following manner, subject to the transition dates for use of the 2001 CSO Mortality Table referenced in Section 004 of this rule. Unless otherwise noted, the references in this Section are to Subsections of IDAPA 18.01.47. Nothing in this section shall be construed to expand the applicability of IDAPA 18.01.47 to include life insurance policies exempted under IDAPA 18.01.47.001.04: (3-20-04)

a. IDAPA 18.01.47.001.04.a.ii.(2): The net level reserve premium is based on the ultimate mortality rates in the 2001 CSO Mortality Table. (3-20-04)

b. IDAPA 18.01.47.004.02: All calculations are made using the 2001 CSO Mortality Rate, and, if elected, the optional minimum mortality standard for deficiency reserves stipulated in Subsection 006.01.d. of this rule. The value of "qx+k-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. (3-20-04)

c. IDAPA 18.01.47.005.01: The 2001 CSO Mortality Table is the minimum standard for basic reserves. (3-20-04)

d. IDAPA 18.01.47.005.02: 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 Subsections 18.01.47.005.02.c.i. to 005.02.c.ix. 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. (3-20-04)

e. IDAPA 18.01.47.006.03: The valuation mortality table used in determining the tabular cost of insurance shall be the ultimate mortality rates in the 2001 CSO Mortality Table. (3-20-04)

f. IDAPA 18.01.47.006.05.d.: The calculations specified in Subsection 006.05 shall use the ultimate mortality rates in the 2001 CSO Mortality Table. (3-20-04)

g. IDAPA 18.01.47.006.06.d.: The calculations specified in Subsection 006.06 shall use the ultimate mortality rates in the 2001 CSO Mortality Table. (3-20-04)

h. IDAPA 18.01.47.006.07.b.: The calculations specified in Subsection 006.07 shall use the ultimate mortality rates in the 2001 CSO Mortality Table. (3-20-04)

i. IDAPA 18.01.47.007.01.a.ii.: The one (1) year valuation premium shall be calculated using the ultimate mortality rates in the 2001 CSO Mortality Table. (3-20-04)

301. -- 399. (RESERVED)

400. GENDER-BLENDED TABLES.

01. Minimum Cash Surrender Values and Amounts of Paid-Up Nonforfeiture Benefits. For any ordinary life insurance policy delivered or issued for delivery in Idaho on and after January 1, 2004, 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 Subsection 400.01 of this chapter. (3-20-04)

02. Blended Table Choices. 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. (3-20-04)

03. Sex-Distinct and Sex-Neutral Policy Issuance. It shall not, in and of itself, be a violation of Title 41, Chapter 13, Idaho Code for an insurer to issue the same kind of policy of life insurance on both a sex-distinct and sex-neutral basis. (3-20-04)

401. -- 499. (RESERVED)

500. SEPARABILITY.

If any provision of this rule or its application to any person or circumstance is for any reason held to be invalid, the remainder of the rule and the application of the provision to other persons or circumstances shall not be affected. (3-20-04)

501. -- 599. (RESERVED)

600. EFFECTIVE DATE.

This chapter shall become effective January 1, 2004. (3-20-04)

601. -- 999. (RESERVED)

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