

CHAPTER 91  
2001 CSO MORTALITY TABLE

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

**191—91.1(508) Purpose.** The purpose of this chapter is to recognize, permit and prescribe the use of the 2001 Commissioners Standard Ordinary (CSO) Mortality Table in accordance with Iowa Code sections 508.36(3)“a”(3)“c” and 508.37(6)“h”(6) and 191—Chapter 47.

**191—91.2(508) Definitions.** For purposes of this chapter, the following definitions shall apply:

“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 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.

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

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

“Composite mortality tables” means mortality tables with rates of mortality that do not distinguish between smokers and nonsmokers.

“Smoker and nonsmoker mortality tables” means mortality tables with separate rates of mortality for smokers and nonsmokers.

**191—91.3(508) 2001 CSO Mortality Table.**

**91.3(1)** At the election of the company for any one or more specified plans of insurance and subject to the conditions stated in this chapter, 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 subrule 91.3(2) and to which Iowa Code sections 508.36(3)“a”(3)“c” and 508.37(6)“h”(6) and 191—Chapter 47 are applicable. If the company elects to use the 2001 CSO Mortality Table, it shall do so for both valuation and nonforfeiture purposes.

**91.3(2)** Subject to the conditions stated in this chapter, the 2001 CSO Mortality Table shall be used in determining minimum standards for policies issued on and after January 1, 2009, to which Iowa Code sections 508.36(3)“a”(3)“c” and 508.37(6)“h”(6) are applicable.

**191—91.4(508) Conditions.**

**91.4(1)** For each plan of insurance with separate rates for smokers and nonsmokers, an insurer may use:

*a.* Composite mortality tables to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits;

*b.* Smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by Iowa Code section 508.36(10), and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values and amounts of paid-up nonforfeiture benefits; or

*c.* Smoker and nonsmoker mortality tables to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

**91.4(2)** For plans of insurance without separate rates for smokers and nonsmokers, the composite mortality tables shall be used.

**91.4(3)** 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 rule 91.5(508) relative to use of the select and ultimate form.

**91.4(4)** 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 191—subrule 5.34(6). The commissioner may exempt a company from this requirement if it does business only in this state and no other state.

**191—91.5(508) Applicability of the 2001 CSO Mortality Table to 191—Chapter 47, Valuation of Life Insurance Policies.**

**91.5(1)** The 2001 CSO Mortality Table may be used in the application of 191—Chapter 47 in the following manner, subject to the transition dates for use of the 2001 CSO Mortality Table in rule 91.3(508):

*a.* Subparagraph 47.2(1)“*b*”(2): The net level reserve premium is based on the ultimate mortality rates in the 2001 CSO Mortality Table.

*b.* Rule 47.3(508) relating to the definition of “contract segmentation method”: All calculations are made using the 2001 CSO mortality rate, and, if elected, the optional minimum mortality standard for deficiency reserves stipulated in 91.5(1)“*d*.” 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.

*c.* Subrule 47.4(1): The 2001 CSO Mortality Table is the minimum standard for basic reserves.

*d.* Subrule 47.4(2): 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 subparagraphs 47.4(2)“*c*”(1) to (9). 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.

*e.* Subrule 47.5(3): The valuation mortality table used in determining the tabular cost of insurance shall be the ultimate mortality rates in the 2001 CSO Mortality Table.

*f.* Paragraph 47.5(5)“*d*”: The calculations specified in subrule 47.5(5) shall use the ultimate mortality rates in the 2001 CSO Mortality Table.

*g.* Paragraph 47.5(6)“*d*”: The calculations specified in subrule 47.5(6) shall use the ultimate mortality rates in the 2001 CSO Mortality Table.

*h.* Paragraph 47.5(7)“*b*”: The calculations specified in subrule 47.5(7) shall use the ultimate mortality rates in the 2001 CSO Mortality Table.

*i.* Subparagraph 47.6(1)“*a*”(2): The one-year valuation premium shall be calculated using the ultimate mortality rates in the 2001 CSO Mortality Table.

**91.5(2)** Nothing in this rule shall be construed to expand the applicability of 191—Chapter 47 to include life insurance policies exempted under 191—subrule 47.2(1).

**191—91.6(508) Gender-blended table.**

**91.6(1)** For any ordinary life insurance policy delivered or issued for delivery in this state 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 this subrule.

**91.6(2)** The company may choose from among the blended tables developed by the American Academy of Actuaries CSO Task Force and adopted by the National Association of Insurance Commissioners in December 2002.

**91.6(3)** It shall not, in and of itself, be a violation of Iowa Code chapter 507B for an insurer to issue the same kind of policy of life insurance on both a sex-distinct and sex-neutral basis.

**191—91.7(508) Separability.** If any provision of this chapter or the application thereof to any person or circumstances is for any reason held to be invalid, the remainder of this chapter and the application of such provision to other persons or circumstances shall not be affected thereby.

These rules are intended to implement Iowa Code sections 508.36 and 508.37.

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