

## CHAPTER 45-04-07.1 2001 CSO MORTALITY TABLE

### Section

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### **45-04-07.1-01. Definitions.**

1. "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 national association of insurance commissioners (second 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.
2. "2001 CSO mortality table (F)" means that mortality table consisting of the rates of mortality for female lives from the 2001 CSO mortality table.
3. "2001 CSO mortality table (M)" means that mortality table consisting of the rates of mortality for male lives from the 2001 CSO mortality table.
4. "Composite mortality tables" means mortality tables with rates of mortality that do not distinguish between smokers and nonsmokers.
5. "Smoker and nonsmoker mortality tables" means mortality tables with separate rates of mortality for smokers and nonsmokers.

**History:** Effective March 1, 2004.

**General Authority:** NDCC 28-32-02

**Law Implemented:** NDCC 26.1-35-02

### **45-04-07.1-02. 2001 CSO mortality table.**

1. At the election of the company for any one or more specified plans of insurance and subject to the conditions stated in this regulation, 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 subsection 2 to which subdivision c of subsection 1 of North Dakota Century Code section 26.1-35-02, subdivision f of subsection 8 of North Dakota Century Code section 26.1-33-24, and subsections 1 and 2 of section 45-04-12-03 are applicable. If the company elects to use the 2001 CSO mortality table, it shall do so for both valuation and nonforfeiture purposes.
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 subdivision c of subsection 1 of North Dakota Century Code section 26.1-35-02, subdivision f of subsection 8 of North Dakota Century Code section 26.1-33-24, and subsections 1 and 2 of section 45-04-12-03 are applicable.

**History:** Effective March 1, 2004.

**General Authority:** NDCC 28-32-02

**Law Implemented:** NDCC 26,1-35-02

**45-04-07.1-03. Conditions.**

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 North Dakota Century Code section 26.1-35-09 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 to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.
2. For plans of insurance without separate rates for smokers and nonsmokers, the composite mortality tables shall be used.
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 section 45-04-07.1-04 and chapter 45-04-12 relative to use of the select and ultimate form.
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 section 45-03-19-03. A commissioner may exempt a company from this requirement if it only does business in this state and in no other state.

**History:** Effective March 1, 2004.

**General Authority:** NDCC 28-32-02

**Law Implemented:** NDCC 26.1-35-02

**45-04-07.1-04. Application of the 2001 CSO mortality table to chapter 45-04-12.**

1. The 2001 CSO mortality table may be used in applying chapter 45-04-12 in the following manner, subject to the transition dates for use of the 2001 CSO mortality table in section 45-04-07.1-02 (unless otherwise noted, the references in this section are to chapter 45-04-12):
  - a. Paragraph 2 of subdivision b of subsection 1 of section 45-04-12-01: The net level reserve premium is based on the ultimate mortality rates in the 2001 CSO mortality table.
  - b. Subsection 2 of section 45-04-12-02: All calculations are made using the 2001 CSO mortality rate, and, if elected, the optional minimum mortality standard for deficiency reserves stipulated in subdivision 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. Subsection 1 of section 45-04-12-03: The 2001 CSO mortality table is the minimum standard for basic reserves.

- d. Subsection 2 of section 45-04-12-03: 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 subdivision c of subsection 2 of section 45-04-12-03. 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 regulation or necessary to be in compliance with relevant actuarial standards of practice.
  - e. Subsection 3 of section 45-04-12-04: 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. Subdivision d of subsection 5 of section 45-04-12-04: The calculations specified in subsection 5 of section 45-04-12-04 shall use the ultimate mortality rates in the 2001 CSO mortality table.
  - g. Subdivision d of subsection 6 of section 45-04-12-04: The calculations specified in subsection 6 of section 45-04-12-04 shall use the ultimate mortality rates in the 2001 CSO mortality table.
  - h. Subdivision b of subsection 7 of section 45-04-12-04: The calculations specified in subsection 7 of section 45-04-12-04 shall use the ultimate mortality rates in the 2001 CSO mortality table.
  - i. Paragraph 2 of subdivision a of subsection 1 of section 45-04-12-05: The one-year valuation premium shall be calculated using the ultimate mortality rates in the 2001 CSO mortality table.
2. Nothing in this section shall be construed to expand the applicability of chapter 45-04-12 to include life insurance policies exempted under subsection 1 of section 45-04-12-01.

**History:** Effective March 1, 2004.

**General Authority:** NDCC 28-32-02

**Law Implemented:** NDCC 26.1-35-02

#### **45-04-07.1-05. Gender-blended tables.**

1. 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.
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.
3. It shall not, in and of itself, be a violation of North Dakota Century Code section 26.1-04-03 for an insurer to issue the same kind of policy of life insurance on both a sex-distinct and sex-neutral basis.

**History:** Effective March 1, 2004.

**General Authority:** NDCC 28-32-02

**Law Implemented:** NDCC 26.1-35-02

**45-04-07.1-06. Separability.**

If any provision of this chapter or its application to any person or circumstance is for any reason held to be invalid, the remainder of the chapter and the application of the provision to other persons or circumstances shall not be affected.

**History:** Effective March 1, 2004.

**General Authority:** NDCC 28-32-02

**Law Implemented:** NDCC 26.1-35-02