

806 KAR 6:110. Recognition of the 2001 CSO Mortality Table for use in determining minimum reserve liabilities and nonforfeiture benefits.

RELATES TO: KRS 304.6-130-304.6-180, 304.15-342, 304.29-201

STATUTORY AUTHORITY: KRS 304.2-110; KRS 304.6-140, KRS 304.15-342

NECESSITY, FUNCTION, AND CONFORMITY: EO 2004-731, signed July 9, 2004, created the Office of Insurance. KRS 304.2-110(1) authorizes the Executive Director of Insurance to promulgate administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code as defined in KRS 304.1-010, 304.6-140 and 304.15-342 provide that the executive director may approve by regulation any mortality table adopted by the National Association of Insurance Commissioners ("NAIC") for use in determining the minimum standard for valuation of policies. This administrative regulation establishes the use of the 2001 Commissioners Standard Ordinary ("CSO") Mortality Table in accordance with KRS 304.6-140, 304.15-342 and 806 KAR 6:075.

Section 1. Definitions.

- (1) "2001 CSO Mortality Table" means a 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.
- (2) "2001 CSO Mortality Table (F)" means a mortality table consisting of the rates of mortality for female lives from the 2001 CSO Mortality Table.
- (3) "2001 CSO Mortality Table (M)" means a 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.

Section 2. 2001 CSO Mortality Table.

- (1) Unless the context indicates otherwise, the "2001 CSO Mortality Table" shall include both the ultimate form of that table and the select and ultimate form of that table and shall include both the smoker and nonsmoker mortality tables and the composite mortality tables. It shall also include both the age nearest birthday and age last-birthday bases of the mortality tables.
- (2) At the election of the company for any one (1) or more specified plans of insurance and subject to the conditions stated in this administrative 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 (3) to which KRS 304.6-140, 304.15-342 and 806 KAR 6:075, are applicable. If the company elects to use the 2001 CSO Mortality Table, it shall do so for both valuation and nonforfeiture purposes.
- (3) Subject to the conditions stated in this administrative regulation, the 2001 CSO Mortality Table shall be used in determining minimum standards for policies issued on and after January 1, 2009, to which KRS 304.6-140, 304.15-342 and 806 KAR 6:075, are applicable.

Section 3. Conditions.

- (1) For each plan of insurance with separate rates for smokers and nonsmokers an insurer may use any of the following:
 - (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 KRS 304.6-180, and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values and amounts of paid up nonforfeiture benefits.
- (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 3 and 806 KAR 6:075 relative to use of the select and ultimate form.
- (4) If 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 executive director shall be based on an asset adequacy analysis as specified in Section 6 of 806 KAR 6:100. The executive director may exempt a company from this requirement if the company only does business in this state and in no other state.

Section 4. 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. A change in minimum valuation standards shall not be 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 NAIC in December 2002.
- (3) An insurer may issue the same kind of policy of life insurance on both a sex-distinct and sex-neutral basis.

Section 5. Separability. If any provision of this administrative regulation or its application to any person or circumstance is for any reason held to be invalid, the remainder of the administrative regulation and the application of the provision to other persons or circumstances shall not be affected.

Section 6. Incorporation by Reference.

- (1) The following material is incorporated by reference:
 - (a) "2001 CSO Mortality Table (2001),"
 - (b) "2001 CSO Mortality Table (F) (2001)"; and
 - (c) "2001 CSO Mortality Table (M) (2001)."
 - (2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Office of Insurance, 215 West Main Street, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. This material is also available on the Web site at: <http://doi.ppr.ky.gov/kentucky/>.
- (31 Ky.R. 895; 1156; eff. 1-4-2005; Crt eff. 2-26-2020.)