211 CMR 32.00: USE OF GENDER-BLENDED AND SMOKER/NONSMOKER MORTALITY TABLES

Section

32.01: Authority
32.02: Purpose
32.03: Applicability and Scope
32.04: Definitions
32.05: Rule for Gender-Blended Mortality Tables
32.06: Rule for Smoker/Nonsmoker Mortality Tables
32.07: Separability
32.08: Effective Date

32.01: Authority

211 CMR 32.00 is promulgated pursuant to the authority vested in the Commissioner of Insurance by M.G.L. c. 175, § 9 and 144.

32.02: Purpose

The purpose of 211 CMR 32.00 is:

(a) to permit individual life insurance policies to provide the same cash values and paid-up nonforfeiture benefits to both men and women, without change in minimum valuation standards; and

(b) to permit the use of mortality tables that reflect differences in mortality between smokers and nonsmokers in determining minimum cash surrender values, paid-up nonforfeiture benefits, and minimum reserve liabilities for plans of insurance with separate premium rates for smokers and nonsmokers.

32.03: Applicability and Scope

211 CMR 32.00 shall apply to all individual life insurance policies. The requirements contained in 211 CMR 32.00 shall be in addition to any other applicable statutory provisions or lawful regulations. 211 CMR 32.00 includes provisions on smoker/nonsmoker mortality tables that were previously set forth at 211 CMR 33.00.

32.04: Definitions

(1) 1980 CSO Table, with or without Ten-Year Select Mortality Factors means that mortality table, consisting of separate rates of mortality for male and female lives, developed by the Society of Actuaries Committee to Recommend New Mortality Tables for Valuation of Standard Individual Ordinary Life Insurance, incorporated in the 1980 NAIC Amendments to the Model Standard Valuation Law and Standard Nonforfeiture Law for Life Insurance, and referred to in those models as the Commissioners 1980 Standard Ordinary Mortality Table, with or without Ten-Year Select Mortality Factors. The same select factors will be used for both smoker and nonsmoker tables.

(2) 1980 CSO Table (M), with or without Ten-Year Select Mortality Factors means that mortality table consisting of the rates of mortality for male lives from the 1980 CSO Table, with or without Ten-Year Select Mortality Factors.

(3) 1980 CSO Table (F), with or without Ten-Year Select Mortality Factors means that mortality table consisting of the rates of mortality for female lives from the 1980 CSO Table, with or without Ten-Year Select Mortality Factors.

(4) 1980 CET Table means that mortality table consisting of separate rates of mortality for male and female lives, developed by the Society of Actuaries Committee to Recommend New Mortality Tables for Valuation of Standard Individual Ordinary Life Insurance, incorporated in the 1981 NAIC Amendments to the Model Standard Valuation Law and Standard Nonforfeiture Law for Life Insurance, and referred to in those models as the Commissioners 1981 Extended Term Insurance

Table.

32.04: continued

(5) 1980 CET Table (M) means that mortality table consisting of the rates of mortality for male lives from the 1980 CET Table.

(6) 1980 CET Table (F) means that mortality table consisting of the rates of mortality for female lives from the 1980 CET Table.

(7) 1958 CSO Table means that mortality table developed by the Society of Actuaries Special Committee on New Mortality Tables, incorporated in the NAIC Model Standard Nonforfeiture Law for Life Insurance, and referred to in that model as the Commissioners 1958 Standard Ordinary Mortality Table.

(8) 1958 CET Table means that mortality table developed by the Society of Actuaries Special Committee on New Mortality Tables, incorporated in the NAIC Model Standard Nonforfeiture Law for Life Insurance, and referred to in that model as the Commissioners 1958 Extended Term Insurance Table.

(9) Smoker and nonsmoker mortality tables refers to the mortality tables with separate rates of mortality for smokers and nonsmokers derived from the tables defined in 211 CMR 32.04(1), (4), (7) and (8) which were developed by the Society of Actuaries Task Force on Smoker/Nonsmoker Mortality and the California Insurance Department staff, recommended by the NAIC Technical Staff Actuarial Group, and published in the 1984 Proceedings of the *National Association of Insurance Commissioners*, Volume 1, pages 402-413.

(10) Composite mortality tables refers to the mortality tables defined in 211 CMR 32.04(1), (4), (7) and (8) as they were originally published with rates of mortality that do not distinguish between smokers and nonsmokers.

32.05: Rule for Gender-Blended Mortality Tables

(1) For any policy of insurance on the life of either a male or female insured delivered or issued for delivery in the Commonwealth after the operative date of M.G.L. c. 175, § 144(6A)(k) for that policy form,

(a) a mortality table which is a blend of the 1980 CSO Table (M) and 1980 CSO Table (F) with or without Ten-Year Select Mortality Factors may at the option of the company be substituted for the 1980 CSO Table, with or without Ten-Year Select Mortality Factors, and

(b) a mortality table which is of the same blend as used in 211 CMR 32.05(1)(a) but applied to form a blend of the 1980 CET Table (M) and 1980 CET Table (F) may at the option of the company be substituted for the 1980 CET Table for use in determining minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

(2) The following tables will be considered as the basis for acceptable tables:

(a) 100% Male 0% Female for tables to be designated as the 1980 CSO-A and 1980 CET-A tables.

(b) 80% Male 20% Female for tables to be designated as the 1980 CSO-B and 1980 CET-B tables.

(c) 60% Male 40% Female for tables to be designated as the 1980 CSO-C and 1980 CET-C tables.

(d) 50% Male 50% Female for tables to be designated as the 1980 CSO-D and 1980 CET-D tables.

(e) 40% Male 60% Female for tables to be designated as the 1980 CSO-E and 1980 CET-E tables.

(f) 20% Male 80% Female for tables to be designated as the 1980 CSO-F and 1980 CET-F tables.

(g) 0% Male 100% Female for tables to be designated as the 1980 CSO-G and 1980 CET-G tables.

32.05: continued

(3) 211 CMR 32.05(2)(a) and (g) are not to be used with respect to policies issued on or after January 1, 1985 except where the proportion of persons insured is anticipated to be 90% or more of one sex or the other or except for certain policies converted from group insurance. Such group conversions issued on or after January 1, 1986 must use Mortality Tables based on the blend of lives by sex expected for such policies if such group conversions are subject to the decision of the United States Supreme Court in *Arizona Governing Committee for Tax Deferred Annuity and Deferred Compensation Plans v. Norris*, 103 S. Ct. 3492 (1983).

32.06: Rule for Smoker/Nonsmoker Mortality Tables

(1) Alternate Tables.

(a) For any policy of insurance delivered or issued for delivery in this state after the effective date of former 211 CMR 33.00 in 1985,

1. the 1980 CSO Smoker and Nonsmoker Mortality Tables, with or without Ten-Year Select Mortality Factors, may be substituted for the 1980 CSO Table, with or without Ten-Year Select Mortality Factors, or for the 1958 CSO Table, and
2. the 1980 CET Smoker and Nonsmoker Mortality Tables may be substituted for the 1980 CET Table or for the 1958 CET Table.

(b) For any policy of insurance delivered or issued for delivery in this state after May 22, 1985 and prior to January 1, 1989, the 1958 CSO or 1958 CET Smoker and Nonsmoker Mortality Tables may be substituted for the 1958 CSO or 1958 CET Tables; provided that for any category of insurance issued on female lives with minimum reserve liabilities, minimum cash surrender values and the paid-up nonforfeiture benefits determined using the 1958 CSO or 1958 CET Smoker and Nonsmoker Mortality Tables, such minimum values may be calculated according to an age not more than six years younger than the actual age of the insured.

(c) For any policy of life insurance issued in conjunction with an employer pension plan subject to the decision of the United States Supreme Court in *Arizona Governing Committee for Tax Deferred Annuity and Deferred Compensation Plans v. Norris*, 103 S. Ct. 3492 (1983), the life insurer may file with the Division:

1. gender-blended, smoker/nonsmoker mortality tables based on the 1980 CSO smoker/nonsmoker mortality tables.
2. mortality tables obtained by applying the 1980 CET loading formula to the respective gender-blended 1980 CSO smoker/nonsmoker mortality tables. Gender-blended CSO tables shall be calculated according to the following formula:

The ratio to be applied to all male lives is:

$$MR = (l_{45}^{M} + l_{45}^{F}) \times Z / l_{45}^{M}$$

where Z is the ratio of male lives to total lives at pivotal age of 45.

Acceptable values of Z are .2, .4, .5, .6, and .8. Z values of 0 and 1.0 may be used for certain policies converted from group insurance and for other policies issued after January 1, 1985, only if the proportion of persons insured is 90% or more of one sex or the other.

The ratio to be applied to female lives is

$$FR = (l_{45}^{M} + l_{45}^{F}) \times (1 - Z) / l_{45}^{F}$$

(2) Conditions. For each plan of insurance with separate rates for smokers and nonsmokers an insurer may:

(a) use composite mortality tables to determine minimum reserve liabilities, minimum cash surrender values and the paid-up nonforfeiture benefits,

(b) use smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by M.G.L. c. 175, § 9, and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values and the paid-up nonforfeiture benefits, or

(c) use smoker and nonsmoker mortality tables to determine minimum reserve liabilities, minimum

cash surrender values and the paid-up nonforfeiture benefits.

32.07: Separability

If any provision of 211 CMR 32.00 or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of 211 CMR 32.00 and the application of such provision to other persons or circumstances shall not be affected thereby.

32.08: Effective Date

The effective date of 211 CMR 32.00, as amended, is December 27, 1996.

REGULATORY AUTHORITY

211 CMR 32.00: M.G.L. c. 175, §§ 9 and 144.