

211 CMR 57:00: RECOGNITION OF THE 2001 CSO MORTALITY TABLE FOR USE IN DETERMINING MINIMUM RESERVE LIABILITIES AND NON-FORFEITURE BENEFITS

Table of Contents

57.01: Purpose
57.02: Authority
57.03: Definitions
57.04: 2001 CSO Mortality Table
57.05: Conditions
57.06: Applicability of the 2001 CSO Mortality Table to Valuation of Life Insurance Policies 211 CMR 29.00
57.07: Gender-Blended Tables
57.09: Effective Date

57.01: Purpose

The purpose of this regulation is to recognize, permit and prescribe the use of the 2001 Commissioners Standard Ordinary (CSO) Mortality Table in accordance with Massachusetts General Laws, Chapter 175, Section 9, subdivision 2, paragraph (a), subparagraph First (iii) and Section 144, subdivision 6A, paragraph (h), subparagraph (6) and 211 CMR 29.05 (1) and (2).

57.02: Authority

This regulation is promulgated by the Commissioner of Insurance pursuant to Massachusetts General Laws, Chapter 175, Section 9, subdivision 2, paragraph (a), subparagraph First (iii) and Section 144, subdivision 6A, paragraph (h), subparagraph (6) and 211 CMR 29.05 (1) and (2).

57.03: 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 (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.

- (2) “2001 CSO Mortality Table (F)” means that mortality table consisting of the rates 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.

57.04: 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, 2004 and before the date specified in subdivision (2) to which Massachusetts General Laws, Chapter 175, Section 9, subdivision 2, paragraph (a), subparagraph First (iii) and Section 144, subdivision 6A, paragraph (h), subparagraph (6) and 211 CMR 29.05 (1) and (2) are applicable. If the company elects to use the 2001 CSO Mortality Table, it shall do so for both valuation and non-forfeiture purposes.
- (2) Subject to the conditions stated in this regulation, the 2001 CSO Mortality Table shall be used in determining minimum standards for policies issued on and after January 1, 2009, to which Massachusetts General Laws, Chapter 175, Section 9, subdivision 2, paragraph (a), subparagraph First (iii) and Section 144, subdivision 6A, paragraph (h), subparagraph (6) and 211 CMR 29.05 (1) and (2) are applicable.

57.05: 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 non-forfeiture benefits;
 - (b) Smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by Massachusetts General Laws, Chapter 175, Section 9, subdivision 6 and

use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values and amounts of paid-up non-forfeiture benefits; or

- (c) Smoker and nonsmoker mortality to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up non-forfeiture 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 non-forfeiture 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 211 CMR 57.06 of this regulation and 211 CMR 29.00 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 211 CMR 132.05 (1). The Commissioner may exempt a company from this requirement if it does business only in this Commonwealth and in no other state.

57.06: Applicability of the 2001 CSO Mortality Table to 211 CMR 29.00

- (1) The 2001 CSO Mortality Table may be used in applying 211 CMR 29.00 in the following manner, subject to the transition dates for use of the 2001 CSO Mortality Table in 211 CMR 57.04 of this regulation. (Unless otherwise noted, the references in 211 CMR 57.06 of this regulation are to 211 CMR 29.00):
 - (a) 211 CMR 29.03 (1) (b) 2: The net level reserve premium is based on the ultimate mortality rates in the 2001 CSO Mortality Table.
 - (b) 211 CMR 29.04: 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 211 CMR 57.06 (1) (d) of this regulation. The value of “ $q_{x+k+t-1}$ ” is the valuation mortality rate for deficiency reserves in policy year $k+t$, but using unmodified select mortality rates if modified select mortality rates are used in the computation of deficiency reserves.
 - (c) 211 CMR 29.05 (1): The 2001 CSO Mortality Table is the minimum standard for basic reserves.
 - (d) 211 CMR 29.05 (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 conditions specified in 211 CMR 29.05 (2) (c) 1 through 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 regulation or necessary to be in compliance with relevant Actuarial Standards of Practice.

- (e) 211 CMR 29.06 (3): The valuation mortality table used in determining tabular cost of insurance shall be the ultimate mortality rates in the 2001 CSO Mortality Table.
 - (f) 211 CMR 29.06 (5) (d): The calculations specified in 211 CMR 29.06 (5) shall use the ultimate mortality rates in the 2001 CSO Mortality Table.
 - (g) 211 CMR 29.06 (6) (d): The calculations specified in 211 CMR 29.06 (6) shall use the ultimate mortality rates in the 2001 CSO Mortality Table.
 - (h) 211 CMR 29.06 (7) (b): The calculations specified in 211 CMR 29.06 (7) shall use the ultimate mortality rates in the 2001 CSO Mortality Table.
 - (i) 211 CMR 29.07 (1) (a) 2: The one-year valuation premium shall be calculated using the ultimate mortality rates in the 2001 CSO Mortality Table.
- (2) Nothing in 211 CMR 57.06 of this regulation shall be construed to expand the applicability of 211 CMR 29.00 to include life insurance policies exempted under 211 CMR 29.03 (1).

57.07: Gender Blended Tables

- (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 non-forfeiture benefits. No change in minimum valuation standards is implied by this subsection of the regulation
- (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) It shall not, in and of itself, be a violation of Massachusetts General Laws, Chapter 176D for an insurer to issue the same kind of policy of life insurance on both a gender distinct and a gender neutral basis.

57.08: Separability

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

57.09: Effective Date

The effective date of this regulation is January 1, 2004.