

State of Utah
Administrative Rule Analysis
Revised May 2023

NOTICE OF PROPOSED RULE

TYPE OF FILING: Amendment

Title No. - Rule No. - Section No.

Rule or Section Number:

R590-223

Filing ID: Office Use Only

Agency Information

1. Department:	Insurance	
Agency:	Administration	
Room number:	Suite 2300	
Building:	Taylorsville State Office Building	
Street address:	4315 S. 2700 W.	
City, state and zip:	Taylorsville, UT 84129	
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City, state and zip:	Salt Lake City, UT 84114-6901	
Contact persons:		
Name:	Phone:	Email:
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Please address questions regarding information on this notice to the persons listed above.

General Information

2. Rule or section catchline:

R590-223. Rule to Recognize the 2001 CSO Mortality Table for Use in Determining Minimum Reserve Liabilities and Nonforfeiture Benefits

3. Purpose of the new rule or reason for the change:

The rule is being changed in compliance with Executive Order 2021-12. During the review of this rule, the department discovered a number of minor issues that needed to be amended.

4. Summary of the new rule or change:

The majority of the changes are being done to fix style issues to bring the rule text more in line with current rulewriting standards. Other changes make the language of the rule more clear, and update the Severability section to use the department's current language. The changes do not add, remove, or change any regulations or requirements.

Fiscal Information

5. Provide an estimate and written explanation of the aggregate anticipated cost or savings to:

A) State budget:

There is no anticipated cost or savings to the state budget. The changes are largely clerical in nature, and will not change how the department functions.

B) Local governments:

There is no anticipated cost or savings to local governments. The changes are largely clerical in nature, and will not affect local governments.

C) Small businesses ("small business" means a business employing 1-49 persons):

There is no anticipated cost or savings to small businesses. The changes are largely clerical in nature, and will not affect small businesses.

D) Non-small businesses ("non-small business" means a business employing 50 or more persons):

There is no anticipated cost or savings to non-small businesses. The changes are largely clerical in nature, and will not affect non-small businesses.

E) Persons other than small businesses, non-small businesses, state, or local government entities ("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an **agency**):

There is no anticipated cost or savings to any other persons. The changes are largely clerical in nature.

F) Compliance costs for affected persons (How much will it cost an impacted entity to adhere to this rule or its changes?):

There are no compliance costs for any affected persons. The changes are largely clerical in nature.

G) Regulatory Impact Summary Table (This table only includes fiscal impacts that could be measured. If there are inestimable fiscal impacts, they will not be included in this table. Inestimable impacts will be included in narratives above.)

Regulatory Impact Table

Fiscal Cost	FY2024	FY2025	FY2026
State Government	\$0	\$0	\$0
Local Governments	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0
Total Fiscal Cost	\$0	\$0	\$0
Fiscal Benefits	FY2024	FY2025	FY2026
State Government	\$0	\$0	\$0
Local Governments	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0
Total Fiscal Benefits	\$0	\$0	\$0
Net Fiscal Benefits	\$0	\$0	\$0

H) Department head comments on fiscal impact and approval of regulatory impact analysis:

The Commissioner of Insurance, Jonathan T. Pike, has reviewed and approved this regulatory impact analysis.

Citation Information

6. Provide citations to the statutory authority for the rule. If there is also a federal requirement for the rule, provide a citation to that requirement:

Section 31A-2-201	Section 31A-17-402	Section 31A-22-408

Incorporations by Reference Information

7. Incorporations by Reference (if this rule incorporates more than two items by reference, please include additional tables):

A) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*):

Official Title of Materials Incorporated (from title page)	2001 CSO Mortality Table
Publisher	National Association of Insurance Commissioners
Issue Date	December 2002
Issue or Version	

B) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*):

Official Title of Materials Incorporated (from title page)	2001 CSO Mortality Table (F)
Publisher	National Association of Insurance Commissioners
Issue Date	December 2002

Issue or Version	
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C) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; <i>if none, leave blank</i>):	
Official Title of Materials Incorporated (from title page)	2001 CSO Mortality Table (M)
Publisher	National Association of Insurance Commissioners
Issue Date	December 2002
Issue or Version	

Public Notice Information

8. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. See Section 63G-3-302 and Rule R15-1 for more information.)		
A) Comments will be accepted until:	11/14/2023	
B) A public hearing (optional) will be held:		
Date (mm/dd/yyyy):	Time (hh:mm AM/PM):	Place (physical address or URL):
To the agency: If more space is needed for a physical address or URL, refer readers to Box 4 in General Information. If more than two hearings will take place, continue to add rows.		

9. This rule change MAY become effective on:	11/21/2023
NOTE: The date above is the date the agency anticipates making the rule or its changes effective. It is NOT the effective date.	

Agency Authorization Information

To the agency: Information requested on this form is required by Sections 63G-3-301, 63G-3-302, 63G-3-303, and 63G-3-402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the <i>Utah State Bulletin</i> and delaying the first possible effective date.			
Agency head or designee and title:	Steve Gooch, Public Information Officer	Date:	09/28/2023

R590. Insurance, Administration.

R590-223. Rule to Recognize the 2001 CSO Mortality Table for Use in Determining Minimum Reserve Liabilities and Nonforfeiture Benefits.

R590-223-1. Authority.

This rule is promulgated by the ~~[insurance]~~ commissioner pursuant to ~~[Subsections 31A-2-201(3), 31A-17-402(1) and 31A-22-408(11)]~~ Sections 31A-2-201, 31A-17-402, and 31A-22-408.

R590-223-2. Purpose and Scope.

(1) The purpose of this rule is to recognize, permit, and prescribe the use of the 2001 Commissioners Standard Ordinary (CSO) Mortality Table in accordance with Sections 31A-17-504[7] and 31A-22-408, and Section R590-198-[5]4.

(2) This rule applies to a life insurance policy.

R590-223-3. Definitions.

Terms used in this rule are defined in Sections 31A-1-301 and 31A-17-501. Additional terms are defined as follows:

~~[A-]~~(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. 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.

~~[B-]~~(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.

~~[C-]~~(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.

~~[D-]~~(4) "Composite mortality tables" means mortality tables with rates of mortality that do not distinguish between smokers and nonsmokers.

~~[E-]~~(5) "Smoker and nonsmoker mortality tables" means mortality tables with separate rates of mortality for smokers and nonsmokers.

R590-223-4. Incorporation by Reference.

~~[F-]~~The tables identified in Subsections R590-223-3~~[A through E]~~(1) through (5) are ~~[hereby]~~ incorporated by reference ~~[within this rule]~~ and are available ~~[for public inspection at the Insurance Department during normal business hours]~~ on the department's website, <https://insurance.utah.gov>.

R590-223-~~[4]~~5. 2001 CSO Mortality Table.

~~[A-]~~(1)(a) At the election of the company for any one or more specified plans of insurance and subject to the conditions stated in this rule, the 2001 CSO Mortality Table may be used as the minimum standard for policies issued on or after July 1, 2003 and before ~~[the date specified in Subsection R590-223-4.B-]~~ January 1, 2009, to which Subsections 31A-17-504(1)(c)~~[s]~~ and 31A-22-408(6)(d)~~[(viii)(VI)]~~(x), and Subsections R590-198-~~[5.A-]~~4(1) and R590-198-~~[5.B-]~~4(2) are applicable.

~~(b)~~ If the company elects to use the 2001 CSO Mortality Table, it shall do so for both valuation and nonforfeiture purposes.

~~[B-]~~(2) Subject to the conditions stated in this rule, the 2001 CSO Mortality Table shall be used in determining minimum standards for policies issued on and after January 1, 2009, to which Subsections 31A-17-504(1)(c)~~[s]~~ and 31A-22-408(6)(d)~~[(viii)(VI)]~~(x), and Subsections R590-198-~~[5.A-]~~4(1) and R590-198-~~[5.B-]~~4(2) are applicable.

R590-223-~~[5]~~6. Conditions.

~~[A-]~~(1) For each plan of insurance with separate rates for smokers and nonsmokers an insurer may use:

~~(1)~~(a) composite mortality tables to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits;

~~(2)~~(b) smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by Section 31A-17-511 and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values and amounts of paid-up nonforfeiture benefits; or

~~(3)~~(c) smoker and nonsmoker mortality to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

~~[B-]~~(2) For plans of insurance without separate rates for smokers and nonsmokers, the composite mortality tables shall be used.

~~[C-]~~(3) ~~[For the purpose of determining]~~ To determine 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 R590-223-~~[6]~~7 and ~~[Valuation of Life Insurance Policies-]~~Rule R590-198 relative to use of the select and ultimate form.

~~[D-]~~(4)(a) 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 in conformance with the requirements of Section R590-162-~~[8]~~6.

~~(b)~~ The commissioner may exempt a company from this requirement if it only does business in this state and in no other state.

R590-223-~~[6]~~7. Applicability of the 2001 CSO Mortality Table to Rule R590-198.

~~[A-]~~(1) The 2001 CSO Mortality Table may be used in applying Rule R590-198 in the following manner, subject to the transition dates for use of the 2001 CSO Mortality Table in Section R590-223-~~[4]~~5:

~~(1)~~(a) Subsection R590-198-~~[3.A-(2)(b)- The]~~2(4)(c)(ii), the net level reserve premium is based on the ultimate mortality rates in the 2001 CSO Mortality Table.

~~(2)~~(b) Subsection R590-198-~~[4.B- All]~~3(3), all calculations are made using the 2001 CSO Mortality Table, and, if elected, the optional minimum mortality standard for deficiency reserves stipulated in Subsection R590-223-~~[6.A-(4)]~~7(1)(d). The value of " $q_{x+k+t-1}$ " 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.

~~(3)~~(c) Subsection R590-198-~~[5.A- The]~~4(1), the 2001 CSO Mortality Table is the minimum standard for basic reserves.

~~(4)~~(d) Subsection R590-198-~~[5.B- The]~~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 Subsections R590-198-~~[5.B-(3)(a) through (i)]~~4(2)(c)(i) through (vii). 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.

~~(5)~~(e) Subsection R590-198-~~[6.C- The]~~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.

~~(6)~~(f) Subsection R590-198-~~[6.E-(4)- The]~~5(5)(d), the calculations specified in Subsection R590-198-~~[6.E-]~~5(5) shall use the ultimate mortality rates in the 2001 CSO Mortality Table.

~~(7)~~(g) Subsection R590-198-~~[6.F-(4)- The]~~5(6)(d), the calculations specified in Subsection R590-198-~~[6.F-]~~5(6) shall use

the ultimate mortality rates in the 2001 CSO Mortality Table.

~~[(8)](h)~~ Subsection R590-198-~~[6.G.(2): The]~~5(7)(b), the calculations specified in Subsection R590-198-~~[6.G.]~~5(7) shall use the ultimate mortality rates in the 2001 CSO Mortality Table.

~~[(9)](i)~~ Subsection R590-198-~~[7.A.(1)(b): The]~~6(1)(b), the one-year valuation premium shall be calculated using the ultimate mortality rates in the 2001 CSO Mortality Table.

~~[B.](2)~~ Nothing in this section shall be construed to expand the applicability of Rule R590-198 to include life insurance policies exempted under Subsection R590-198-~~[3.A.]~~2(4).

R590-223-~~[7.]~~8. Gender-Blended Tables.

~~[A.](1)(a)~~ For ~~[any]an~~ ordinary life insurance policy delivered or issued for delivery in this state ~~[on and after July 1]after~~ June 30, 2003, 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.

~~(b)~~ No change in minimum valuation standards is implied by this ~~[Section.]~~section of the rule.

~~[B.](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.

~~[C.](3)~~ It ~~[shall]may~~ not, in and of itself, be a violation of Subsection ~~[31A-23-302(3)]~~31A-23a-402(3) for an insurer to issue the same kind of policy of life insurance on both a sex-distinct and sex-neutral basis.

R590-223-8. Separability.

[If any provision of this rule or its application to any person or circumstance is for any reason held to be invalid, the remainder of the rule and the application of the provision to other persons or circumstances shall not be affected.]If any provision of this rule, Rule R590-223, or its application to any person or situation is held invalid, such invalidity does not affect any other provision or application of this rule that can be given effect without the invalid provision or application. The remainder of this rule shall be given effect without the invalid provision or application.

KEY: insurance reserves and nonforfeitures

Date of Last Change: 2023~~[June 13, 2003]~~

Notice of Continuation: May 1, 2023

Authorizing, and Implemented or Interpreted Law: 31A-2-201; 31A-17-402; 31A-22-408

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