

State of Utah
Administrative Rule Analysis
 Revised November 2021

NOTICE OF PROPOSED RULE		
TYPE OF RULE: New ___; Amendment _x_; Repeal ___; Repeal and Reenact ___		
Title No. - Rule No. - Section No.		
Utah Admin. Code Ref (R no.):	R590-241	Filing ID (Office Use Only)
Changed to Admin. Code Ref. (R no.):	R	

Agency Information

1. Department:	Insurance	
Agency:	Administration	
Room no.:	Suite 2300	
Building:	Taylorsville State Office Building	
Street address:	4315 S. 2700 W.	
City, state and zip:	Taylorsville, UT 84129	
Mailing address:	PO Box 146901	
City, state and zip:	Salt Lake City, UT 84114-6901	
Contact person(s):		
Name:	Phone:	Email:
Steve Gooch	801-957-9322	sgooch@utah.gov
Please address questions regarding information on this notice to the agency.		

General Information

2. Rule or section catchline:
R590-241. Preferred Mortality Tables to Determine Minimum Reserve Liabilities
3. Purpose of the new rule or reason for the change (Why is the agency submitting this filing?):
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 (What does this filing do? If this is a repeal and reenact, explain the substantive differences between the repealed rule and the reenacted rule):
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) Comments by the department head on the fiscal impact this rule may have on businesses (Include the name and title of the department head):

After conducting a thorough analysis, it was determined that this proposed rule amendment will not result in a fiscal impact to businesses. — Jonathan T. Pike, Insurance Commissioner

6. A) 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	FY2022	FY2023	FY2024
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			
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

B) Department head approval of regulatory impact analysis:

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

Citation Information

7. 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	

Incorporations by Reference Information

(If this rule incorporates more than two items by reference, please include additional tables.)

8. 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*):

	First Incorporation
Official Title of Materials Incorporated (from title page)	
Publisher	
Date Issued	

Issue, or version	
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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*):

	Second Incorporation
Official Title of Materials Incorporated (from title page)	
Publisher	
Date Issued	
Issue, or version	

Public Notice Information

9. 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 (mm/dd/yyyy):	05/16/2022	
B) A public hearing (optional) will be held:		
On (mm/dd/yyyy):	At (hh:mm AM/PM):	At (place):

10. This rule change MAY become effective on (mm/dd/yyyy):	05/23/2022
NOTE: The date above is the date the agency anticipates making the rule or its changes effective. It is NOT the effective date. To make this rule effective, the agency must submit a Notice of Effective Date to the Office of Administrative Rules on or before the date designated in Box 10.	

Agency Authorization Information

To the agency: Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the *Utah State Bulletin* and delaying the first possible effective date.

Agency head or designee, and title:	Steve Gooch, Public Information Officer	Date (mm/dd/yyyy):	04/01/2022
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R590. Insurance, Administration.

R590-241. ~~[Rule to Recognize the]~~ Preferred Mortality Tables ~~[for Use in Determining]~~ to Determine Minimum Reserve Liabilities.

R590-241-1. Authority.

This rule is promulgated by the ~~[insurance]~~ commissioner pursuant to ~~[Subsections]~~ Sections 31A-2-201~~[(3)]~~ and 31A-17-402~~[(4)]~~.

R590-241-2. Purpose and Scope.

(1) The purpose of this rule is to recognize, permit, and prescribe the use of mortality tables that reflect differences in mortality between ~~[P]~~ preferred and ~~[S]~~ standard lives ~~[in determining]~~ to determine minimum reserve liabilities ~~[in accordance with]~~ under Sections 31A-17-504 and R590-198-5.

(2) This rule ~~[shall apply]~~ applies to ~~[all]~~ a life insurance ~~[companies and]~~ company or a fraternal benefit ~~[societies]~~ society:

(a) doing business in this [S]state ~~[and to all life insurance companies and fraternal benefit societies which are]~~ or;

(b) authorized to reinsure life insurance business in this [S]state.

R590-241-3. Definitions.

Terms used in this rule are defined in Section 31A-1-301. Additional terms are defined as follows:

(1) "2001 CSO Mortality Table" means ~~[that]~~ the 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 and is supplemented by the 2001 CSO Preferred Class Structure Mortality Table ~~[defined below in Subsection (2)].~~ 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. Mortality tables in the 2001 CSO Mortality Table include the following:

(a) "2001 CSO Mortality Table (F)" means ~~that~~ the mortality table consisting of the rates of mortality for female lives from the 2001 CSO Mortality Table.

(b) "2001 CSO Mortality Table (M)" means ~~that~~ the mortality table consisting of the rates of mortality for male lives from the 2001 CSO Mortality Table.

(c) "Composite mortality table[s]" means the mortality table[s] with rates of mortality that do not distinguish between smokers and nonsmokers.

(d) "Smoker and nonsmoker mortality table[s]" means the mortality table[s] with separate rates of mortality for smokers and nonsmokers.

(2) "2001 CSO Preferred Class Structure Mortality Table" means mortality tables with separate rates of mortality for Super Preferred Nonsmokers, Preferred Nonsmokers, Residual Standard Nonsmokers, Preferred Smokers, and Residual Standard Smoker splits of the 2001 CSO Nonsmoker and Smoker tables as adopted by the NAIC at the September 2006 national meeting and published in the Proceedings of the NAIC, 3rd Quarter 2006. Unless the context indicates otherwise, the "2001 CSO Preferred Class Structure Mortality Table" includes both the ultimate form of that table and the select and ultimate form of that table. It includes both the smoker and nonsmoker mortality tables. It includes both the male and female mortality tables and the gender composite mortality tables. It also includes both the age-nearest-birthday and age-last-birthday bases of the mortality table.

(3) ~~[The tables identified in Subsections R590-241-3(1) and R590-241-3(2) are hereby incorporated by reference within this rule and are available for public inspection at the Insurance Department during normal business hours.~~

~~_____~~ (4) "Statistical agent" means an entity with a proven system~~[s for protecting the confidentiality of individual]~~ that:

~~_____~~ (a) protects confidential information of:

~~_____~~ (i) an insured; and

~~_____~~ (ii) an insurer~~[information; demonstrated resources for and];~~

~~_____~~ (b) demonstrates a history of ongoing electronic communications and data transfer ~~[ensuring data]~~ integrity with insurers~~[, which are its members or subscribers];~~ and

~~_____~~ (c) demonstrates a history of ~~[and means for]~~ aggregation of data and accurate promulgation of ~~[the]~~ experience modifications in a timely manner.

R590-241-4. 2001 CSO Preferred Class Structure Table.

~~[At the election of the company,]~~ (1) An insurer, for each calendar year of issue~~], and for [any one or more] a specified plan[s] of insurance~~~~[and subject to satisfying the conditions stated in this rule]~~, may substitute the 2001 CSO Preferred Class Structure Mortality Table ~~[may be substituted in place of]~~ for the 2001 CSO Smoker or Nonsmoker Mortality Table as the minimum valuation standard for ~~[policies] a policy issued on or after January 1, 2007. [No such election shall be made until the company]~~

~~_____~~ (2) An insurer may not make the substitution in Subsection (1) unless the insurer demonstrates that at least 20% of the business to be valued on this table is in one or more ~~[of the]~~ preferred classes.

~~_____~~ (3) A table from the 2001 CSO Preferred Class Structure Mortality Table used in place of a 2001 CSO Mortality Table, ~~[will]~~ shall be treated as part of the 2001 CSO Mortality Table only for purposes of reserve valuation.

R590-241-5. Conditions.

~~[(1) For each plan of]~~ (1)(a) An insurer offering an insurance plan with separate rates for ~~[P]~~ preferred and ~~[S]~~ standard ~~[N]~~ nonsmoker lives~~[, an insurer may use the]~~ may substitute Super Preferred Nonsmoker, Preferred Nonsmoker, and Residual Standard Nonsmoker tables ~~[to substitute]~~ for the Nonsmoker mortality table found in the 2001 CSO Mortality Table to determine minimum reserves.

~~_____~~ (b) At the time of ~~[election]~~ substitution and annually thereafter, except for business valued under the Residual Standard Nonsmoker Table, ~~[the]~~ an appointed actuary shall certify that:

~~_____~~ (a) ~~The~~ (i) the present value of death benefits over the next ten years after the valuation date, using the anticipated mortality experience without recognition of mortality improvement beyond the valuation date for each class, is less than the present value of death benefits using the valuation basic table corresponding to the valuation table being used for that class~~[-]; and~~

~~_____~~ (b) ~~The~~ (ii) the present value of death benefits over the future life of the contracts, using anticipated mortality experience without recognition of mortality improvement beyond the valuation date for each class, is less than the present value of death benefits using the valuation basic table corresponding to the valuation table being used for that class.

~~_____~~ (2) ~~For each plan of]~~ (2)(a) An insurer offering an insurance plan with separate rates for ~~[P]~~ preferred and ~~[S]~~ standard ~~[S]~~ smoker lives~~[, an insurer may use]~~ may substitute the Preferred Smoker and Residual Standard Smoker tables ~~[to substitute for the Smoker mortality table found in]~~ for the 2001 CSO Mortality Table to determine minimum reserves.

~~_____~~ (b) At the time of ~~[election]~~ substitution and annually thereafter, for business valued under the Preferred Smoker Table, ~~[the]~~ an appointed actuary shall certify that:

~~_____~~ (a) ~~The~~ (i) the present value of death benefits over the next ten years after the valuation date, using the anticipated mortality experience without recognition of mortality improvement beyond the valuation date for each class, is less than the present value of death benefits using the Preferred Smoker valuation basic table~~[-]; and~~

~~_____~~ (b) ~~The~~ (ii) the present value of death benefits over the future life of the contracts, using anticipated mortality experience without recognition of mortality improvement beyond the valuation date for each class, is less than the present value of death benefits using the

Preferred Smoker valuation basic table.

(3)(a) Unless exempted by the commissioner, ~~every authorized~~ an insurer using the 2001 CSO Preferred Class Structure Table shall annually file with the commissioner or, at the direction of the commissioner, with the NAIC or ~~with~~ a statistical agent designated by the NAIC and acceptable to the commissioner, statistical reports showing mortality and ~~such~~ other information ~~as~~ required by the commissioner ~~may deem necessary or expedient for the administration of the provisions of this rule. The form of the~~.

(b) The reports shall be ~~established~~ in a form approved by the commissioner ~~or the commissioner may require the use of a form established by the NAIC or by a statistical agent designated by the NAIC and acceptable to the commissioner~~.

R590-241-6. Severability.

~~[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 R590-241, 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: life insurance mortality tables

Date of Enactment or Last Substantive Amendment: August 8, 2007

Notice of Continuation: July 12, 2017

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