

**State of Utah**  
**Administrative Rule Analysis**  
Revised June 2021

<b>NOTICE OF PROPOSED RULE</b>		
<b>TYPE OF RULE:</b> New ___; Amendment _x_; Repeal ___; Repeal and Reenact ___		
<b>Title No. - Rule No. - Section No.</b>		
<b>Utah Admin. Code Ref (R no.):</b>	<b>R590-96</b>	<b>Filing ID (Office Use Only)</b>
<b>Changed to Admin. Code Ref. (R no.):</b>	<b>R</b>	

**Agency Information**

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

**General Information**

<b>2. Rule or section catchline:</b>
R590-96. Mortality Tables for Determining Reserve Liabilities for Annuities
<b>3. Purpose of the new rule or reason for the change</b> (Why is the agency submitting this filing?):
The rule is being changed as a result of Executive Order 2021-12. During the review of this rule, the department discovered a number of minor issues that needed to be amended.
<b>4. Summary of the new rule or change</b> (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 If this is a repeal and reenact, explain the substantive differences between the repealed rule and the reenacted rule):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. Others are changes to make the language of the rule more clear. It also rearranges the Definitions section and updates the Severability section to use the department's current language. It does not add, remove, or change any regulations or requirements.

**Fiscal Information**

<b>5. Provide an estimate and written explanation of the aggregate anticipated cost or savings to:</b>
<b>A) State budget:</b>
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>B) Local governments:</b>
There is no anticipated cost or savings to local governments. The changes are largely clerical in nature, and will not affect local governments.
<b>C) Small businesses</b> ("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.
<b>D) Non-small businesses</b> ("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**

<b>Fiscal Cost</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
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
<b>Total Fiscal Cost</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Fiscal Benefits</b>			
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
<b>Total Fiscal Benefits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Fiscal Benefits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**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-17-505	

**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*):

	<b>First Incorporation</b>
<b>Official Title of Materials Incorporated (from title page)</b>	
<b>Publisher</b>	
<b>Date Issued</b>	

<b>Issue, or version</b>	
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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*):

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

#### 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.)

<b>A) Comments will be accepted until</b> (mm/dd/yyyy):	09/14/2021	
<b>B) A public hearing (optional) will be held:</b>		
<b>On</b> (mm/dd/yyyy):	<b>At</b> (hh:mm AM/PM):	<b>At</b> (place):

<b>10. This rule change MAY become effective on</b> (mm/dd/yyyy):	09/21/2021
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.

<b>Agency head or designee, and title:</b>	Steve Gooch, Public Information Officer	<b>Date</b> (mm/dd/yyyy):	07/22/2021
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### R590. Insurance, Administration.

#### R590-96. ~~[Rule to Recognize New Annuity]~~ Mortality Tables for ~~[Use in]~~ Determining Reserve Liabilities for Annuities.

##### R590-96-1. Authority.

This rule is promulgated by the ~~[Insurance C]~~ commissioner pursuant to Sections 31A-2-201~~[,]~~ and 31A-17-505.

##### R590-96-2. Purpose.

The purpose of this rule is to recognize ~~[the following]~~ certain mortality tables for ~~[use in]~~ determining the minimum standard of valuation for an annuity and a pure endowment contract~~[s: the 1983 Table (a), the 1983 Group Annuity Mortality (1983 GAM) Table, the Annuity 2000 Mortality Table, the 2012 Individual Annuity Reserving (2012 IAR) Table, and the 1994 Group Annuity Reserving (1994 GAR) Table].~~

##### R590-96-3. Definitions.

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

- ~~\_\_\_\_\_~~ ~~[A. As used in this rule "Period Table" means a table of mortality rates applicable to a given calendar year.~~
- ~~\_\_\_\_\_~~ ~~B. As used in this rule "Generational Mortality Table" means a mortality table containing a set of mortality rates that decrease for a given age from one year to the next based on a combination of a period table and a projection scale containing mortality improvement factors.~~
- ~~\_\_\_\_\_~~ ~~C. As used in this rule]~~ (1) "1983 Table (a)" means [that] the mortality table developed by the Society of Actuaries Committee to Recommend a New Mortality Basis for Individual Annuity Valuation, adopted by the NAIC in June 1982 as a recognized mortality table for annuities, and published in the 1982 Proceedings of the NAIC II, page 454.
- ~~\_\_\_\_\_~~ ~~[D. As used in this rule]~~ (2) "1983 GAM Table" means [that] the mortality table developed by the Society of Actuaries Committee

on Annuities, adopted by the NAIC in December 1983 as a recognized mortality table for annuities, and published in 1984 Proceedings of the NAIC I, pages 414-415.

~~[E. As used in this rule]~~(3) "1994 GAM Table" means the 1994 Group Annuity Mortality Static Table, a period table containing loaded mortality rates for calendar year 1994, developed by the Society of Actuaries Group Annuity Valuation Table Task Force, and published in the Transactions of the Society of Actuaries, Vol. XLVII (1995), pages 898-899.

~~[F. As used in this rule]~~ "Projection Scale AA" means that table of annual mortality improvement factors for projecting future mortality rates beyond calendar year 1994, developed by the Society of Actuaries Group Annuity Valuation Table Task Force, and published in the Transactions of the Society of Actuaries, Vol. XLVII (1995), 824-826.

~~[G. As used in this rule]~~(4) "1994 GAR Table" means the 1994 Group Annuity Reserving Table, a generational mortality table developed by the Society of Actuaries Group Annuity Valuation Table Task Force, derived from a combination of 1994 GAM Table and the Projection Scale AA as described in Subsection R590-96-7, adopted by the NAIC in December 1996 as a recognized mortality table for annuities, and published in the Transactions of the Society of Actuaries, Vol. XLVII (1995), pages 866-867.

~~[H. As used in this rule]~~(5) "Annuity 2000 Mortality Table" means ~~that~~ the mortality table developed by the Society of Actuaries Committee on Life Insurance Research adopted by the NAIC in December 1996 as a recognized mortality table for annuities, and published in the Transactions of the Society of Actuaries, Vol. XLVII (1995), page 240.

~~[I. As used in this rule]~~(6) "2012 IAM Period Table" means ~~that~~ the period table containing loaded mortality rates for calendar year 2012, developed by the Society of Actuaries Committee on Life Insurance Research, and published in the 2012 Proceedings of the NAIC, Fall Volume I, pages 149-150.

~~[J. As used in this rule]~~ "Projection Scale G2" means that table of annuity mortality improvement factors for projecting future mortality rates beyond calendar year 2012, developed by the Society of Actuaries Committee on Life Insurance Research, and published in the 2012 Proceedings of the NAIC, Fall Volume I, pages 151-152.

~~[K. As used in this rule]~~(7) "2012 IAR Table" means ~~that~~ the generational mortality table developed by Society of Actuaries Committee on Life Insurance Research, derived from a combination of the 2012 IAM Period Table and the Projection Scale G2 as described in Subsection R590-96-5, adopted by the NAIC in December 2012, and published in the 2012 Proceedings of the NAIC, Fall Volume I, pages 149-152.

(8) "Generational Mortality Table" means a mortality table containing a set of mortality rates that decrease for a given age from one year to the next based on a combination of a period table and a projection scale containing mortality improvement factors.

(9) "Period Table" means a table of mortality rates applicable to a given calendar year.

(10) "Projection Scale AA" means the table of annual mortality improvement factors for projecting future mortality rates beyond calendar year 1994, developed by the Society of Actuaries Group Annuity Valuation Table Task Force, and published in the Transactions of the Society of Actuaries, Vol. XLVII (1995), pages 824-826.

(11) "Projection Scale G2" means the table of annuity mortality improvement factors for projecting future mortality rates beyond calendar year 2012, developed by the Society of Actuaries Committee on Life Insurance Research, and published in the 2012 Proceedings of the NAIC, Fall Volume I, pages 151-152~~[L. The tables identified in R590-96-3.C through K, are hereby incorporated by reference within this rule and are available at the department's website <https://insurance.utah.gov/legal/resources/rules/current-rules.php>].~~

#### **R590-96-4. Individual Annuity or Pure Endowment Contracts.**

~~[A. Except as provided in Subsections R590-96-4.B through E, the 1983 Table (a) is recognized and approved as an individual annuity mortality table for valuation and, at the option of the company, may be used for purposes of determining the minimum standard of valuation for any individual annuity or pure endowment]~~(1) An individual annuity or a pure endowment contract issued on or after April 2, 1980, and before July 1, 1985, at the option of the company, may be valued using the 1983 Table (a).

~~[B. Except as provided in Subsections R590-96-4.C through E, either]~~(2) An individual annuity or a pure endowment contract issued on or after July 1 1985, and before July 1, 1999, shall be valued using the following tables:

(a) the 1983 Table (a); or

(b) the Annuity 2000 Mortality Table~~[shall be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after July 1, 1985].~~

~~[C.]~~(3) Except as provided in Subsection[s R590-96-4.D and E, the Annuity 2000 Mortality Table shall be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract] (5), an individual annuity or a pure endowment contract issued on or after July 1, 1999, and before January 1, 2015, shall be valued using the Annuity 2000 Mortality Table.

~~[D.]~~(4) Except as provided in Subsection[ R590-96-4.E, the 2012 IAR Table shall be used for determining the minimum standard of valuation for any] (5) an individual annuity or a pure endowment contract issued on or after January 1, 2015, shall be valued using the 2012 IAR Table.

~~[E.]~~(5) The 1983 Table (a) ~~[without projection is to]~~ shall be used for determining the minimum standards of valuation for an individual annuity or a pure endowment contract issued on or after July 1, 1999, ~~[solely]~~ when the contract is based on life contingencies and is issued to fund periodic benefits arising from settlement of:

~~[(1)]~~a) ~~[Settlements of various forms of]~~ claims pertaining to court settlements or out of court settlements from tort actions;

~~[(2)]~~b) ~~[Settlements involving]~~ similar actions such as worker's compensation claims; or

~~[(3)]~~c) ~~[Settlements of]~~ long term disability claims where a temporary or life annuity has been used in lieu of continuing disability payments.

#### **R590-96-5. Application of the 2012 IAR Table.**

~~[A.](1)~~ In using the 2012 IAR Table, the mortality rate for a person age  $x$  in year  $(2012 + n)$  is calculated as follows:  $q_x^{2012+n} = q_x^{2012} (1 - G2_x)^n [s]$ , where  $q_x^{2012}$  is a mortality rate applicable to a person age  $x$  in the 2012 IAM Period Table and  $G2_x$  is an annual mortality improvement factor applicable to a person age  $x$  in the Projection Scale G2.

~~[B.](2)~~ The ~~[resulting]~~ mortality rate  $q_x^{2012+n}$  shall be rounded to six decimal places.

#### **R590-96-6. Group Annuity or Pure Endowment Contracts.**

~~[A. Except as provided in Subsections R590-96-6.B and C, the 1983 GAM Table, the 1983 Table (a) and the 1994 GAR Table are recognized and approved as group annuity mortality tables for valuation and, at the option of the company, any one of these tables may be used for purposes of valuation for an annuity or pure endowment purchased on or after April 2, 1980 under a group annuity or pure endowment contract]~~(1) A group annuity or a pure endowment contract issued on or after April 2, 1980, and before July 1, 1985, at the option of the company, may be valued using the following tables:

(a) the 1983 GAM Table;

(b) the 1983 Table (a); or

(c) the 1994 GAR Table.

~~[B. Except as provided in Subsection R590-96-6.C, either the 1983 GAM Table or the 1994 GAR Table shall be used for determining the minimum standard of valuation for any annuity or pure endowment purchased on or after July 1, 1985 under a group annuity or pure endowment contract]~~(2) A group annuity or a pure endowment contract issued on or after July 1, 1985, and before July 1, 1999, shall be valued using the following tables:

(a) the 1983 GAM Table; or

(b) the 1994 GAR Table.

~~[C. The 1994 GAR Table shall be used for determining the minimum standard of valuation for any annuity or pure endowment purchased on or after July 1, 1999 under a group annuity or pure endowment contract]~~(3) A group annuity or a pure endowment contract issued on or after July 1, 1999, shall be valued using the 1994 GAR Table.

#### **R590-96-7. Application of the 1994 GAR Table.**

In using the 1994 GAR Table, the mortality rate for a person age  $x$  in year  $(1994 + n)$  is calculated as follows:  $q_x^{1994+n} = q_x^{1994} (1 - AA_x)^n [s]$ , where the  $q_x^{1994}$  is a mortality rate applicable to a person age  $x$  in the 1994 GAM Table and  $AA_x[s]$  is an annual mortality improvement factor applicable to a person age  $x$  in the Projection scale AA.

#### **R590-96-8. ~~[Separability]~~ Severability.**

~~[If any provision of this rule or its application to any person or circumstances is for any reason held to be invalid, the remainder of the regulation and the application of such provision to other persons or circumstances may not be affected by it.]~~If any provision of this rule, Rule R590-96, 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 law**

**Date of Enactment or Last Substantive Amendment: January 21, 2014**

**Notice of Continuation: August 18, 2017**

**Authorizing, and Implemented or Interpreted Law: 31A-2-201; 31A-17-505**