

**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 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 mortality tables for use in determining the minimum standard of valuation for annuity and pure endowment contracts: 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.**

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 "1983 Table (a)" means that 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 "1983 GAM Table" means that 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 "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 "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 "Annuity 2000 Mortality Table" means that 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 "2012 IAM Period Table" means that 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 "2012 IAR Table" means that 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.

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 contract issued on or after April 2, 1980.

B. Except as provided in Subsections R590-96-4.C through E, either the 1983 Table (a) or 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. Except as provided in Subsections 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 issued on or after July 1, 1999.

D. 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 individual annuity or pure endowment contract issued on or after January 1, 2015.

E. The 1983 Table (a) without projection is to be used for determining the minimum standards of valuation for an individual annuity or 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:

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

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

(3) 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. In using the 2012 IAR Table, the mortality rate for a person age  $x$  in year  $(2012 + n)$  is calculated as follows:  $q_x^{2012 + n} = q_x^{2012} (1 - G2_x)^n$ ; 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. 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.

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.

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.

**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:  $q_x^{1994 + n} = q_x^{1994} (1 - AA_x)^n$ ; 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.**

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.

**KEY: insurance law**

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