

Title 23. Public Utilities and Regulated Industries
Chapter I. State Insurance Department, Department of Commerce
Subchapter B. Life, Health, and Accident
Part 98. Smoker/Nonsmoker Mortality Tables for Use in Determining
Minimum Reserve Liabilities and Nonforfeiture Benefits

Codification Notes. This part as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"SECTION 2. AUTHORITY

This Rule is promulgated by the Commissioner of Insurance pursuant to Ark. Stat. Ann. §§62-2111 and 66-3327 (8)(f)."

"SECTION 6. SEVERABILITY

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

"SECTION 7. EFFECTIVE DATE

The effective date of this Regulation is May 1, 1986."

Subpart 1. Generally

23 CAR § 98-101. Purpose.

The purpose of this part is to permit the use of mortality tables that reflect difference in mortality between smokers and nonsmokers in determining minimum reserve liabilities, minimum cash surrender values, and amounts of paid-up nonforfeiture benefits for plans of insurance with separate premium rates for smokers and nonsmokers.

Authority. Arkansas Code §§ 23-61-108, 23-81-209.

23 CAR § 98-102. Definitions.

As used in this part:

(1) "1958 CET Table" means that mortality table:

(A) Developed by the Society of Actuaries Special Committee on New Mortality Tables;

(B) Incorporated in the NAIC Model Standard Nonforfeiture Law for Life Insurance; and

(C) Referred to in that model as the Commissioners 1958 Extended Term Insurance Table;

(2) "1958 CSO Table" means that mortality table:

(A) Developed by the Society of Actuaries Special Committee on New Mortality Tables;

(B) Incorporated in the NAIC Model Standard Nonforfeiture Law for Life Insurance; and

(C) Referred to in that model as the Commissioners 1958 Standard Ordinary Mortality Table;

(3) "1980 CET Table" means that mortality table:

(A) Consisting of separate rates of mortality for male and female lives;

(B) Developed by the Society of Actuaries Committee to Recommend New Mortality Tables for Valuation of Standard Individual Ordinary Life Insurance;

(C) Incorporated in the 1980 NAIC Amendments to the Model Standard Nonforfeiture Law for Life Insurance; and

(D) Referred to in those models as the Commissioners 1980 Extended Term Insurance Table;

(4)(A) "1980 CSO Table, with or without Ten-Year Select Mortality Factors" means that mortality table:

(i) Consisting of separate rates of mortality for male and female lives;

(ii) Developed by the Society of Actuaries Committee to Recommend New Mortality Tables for Valuation of Standard Individual Ordinary Life Insurance;

(iii) Incorporated in the 1980 NAIC Amendments to the Model Standard Valuation Law and Standard Nonforfeiture Law for Life Insurance; and

(iv) Referred to in those models as the Commissioners 1980 Standard Ordinary Mortality Table, with or without Ten-Year Select Mortality Factors.

(B) The same select factors will be used for both smoker and nonsmoker tables;

(5) "Composite mortality tables" means the mortality tables defined in subdivisions (1) through (4) of this section as they were originally published with rates of mortality that do not distinguish between smokers and nonsmokers; and

(6) "Smoker and nonsmoker mortality tables" means the mortality tables with separate rates of mortality for smokers and nonsmokers derived from the tables defined in subdivisions (1) – (4) of this section that were:

(A) Developed by the:

(i) Society of Actuaries Task Force on Smoker/Nonsmoker Mortality;

and

(ii) California Insurance Department staff; and

(B) Recommended by the NAIC Technical Staff Actuarial Group.

Authority. Arkansas Code §§ 23-61-108, 23-81-209.

Codification Notes. "NAIC" means National Association of Insurance Commissioners.

23 CAR § 98-103. Alternate tables.

(a)(1) For any policy of insurance delivered or issued for delivery in this state after the operative date of Arkansas Code § 23-81-209(h)(2)(I) for that policy form and before January 1, 1989, at the option of the company and subject to the conditions stated in 23 CAR § 98-104 the 1958 CSO Smoker and Nonsmoker Mortality Tables may be substituted for the 1980 CSO Table, with or without Ten-Year Select Mortality

Factors, and the 1958 CET Smoker and Nonsmoker Mortality Tables may be substituted for the 1980 CET Table for use in determining:

- (A) Minimum reserve liabilities;
- (B) Minimum cash surrender values; and
- (C) Amount of paid-up nonforfeiture benefits.

(2) Provided that for any category of insurance issued on female lives with minimum reserve liabilities, minimum cash surrender values, and amounts of paid-up nonforfeiture benefits determined using the 1958 CSO or 1958 CET Smoker and Nonsmoker Mortality Tables, such minimum values may be calculated according to an age not more than six (6) years younger than the actual age of the insured.

(3) Provided further that the substitution of the 1958 CSO or 1958 CET Smoker and Nonsmoker Mortality Tables is available only if made for each policy of insurance on a policy form delivered or issued for delivery on or after the operative date for that policy form and before a date not later than January 1, 1989.

(b) For any policy of insurance delivered or issued for delivery in this state after the operative date of Arkansas Code § 23-81-209(h)(2)(I) for that policy form, at the option of the company and subject to the conditions stated in 23 CAR § 98-104, the 1980 CSO Smoker and Nonsmoker Mortality Tables, with or without Ten-Year Select Mortality Factors, may be substituted for the 1980 CSO Table, with or without Ten-Year Select Mortality Factors, and the 1980 CET Smoker and Nonsmoker Mortality Tables may be substituted for the 1980 CET Table for use in determining:

- (1) Minimum reserve liabilities;
- (2) Minimum cash surrender values; and
- (3) Amount of paid-up nonforfeiture benefits.

Authority. Arkansas Code §§ 23-61-108, 23-81-209.

Codification Notes. "CSO" means Commissioners Standard Ordinary.

"CET" means Commissioners Extended Term.

23 CAR § 98-104. Conditions.

For each plan of insurance with separate rates for smokers and nonsmokers an insurer may use:

- (1) Composite mortality tables to determine:
 - (A) Minimum reserve liabilities;
 - (B) Minimum cash surrender values; and
 - (C) Amounts of paid-up nonforfeiture benefits;
- (2) Smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by Arkansas Code § 23-81-211 and use composite mortality tables to determine the:
 - (A) Basic minimum reserves;
 - (B) Minimum cash surrender values; and
 - (C) Amounts of paid-up nonforfeiture benefits; or
- (3) Smoker and nonsmoker mortality tables to determine:
 - (A) Minimum reserve liabilities;
 - (B) Minimum cash surrender values; and
 - (C) Amounts of paid-up nonforfeiture benefits.

Authority. Arkansas Code §§ 23-61-108, 23-81-209.