

Title 3. Commerce, Community, and Economic Development.

Part 2. Division of Insurance.

Chapter 21. Insurer - Financial.

Article 8. Actuarial Opinion and Memorandum.

Section

800. Purpose

805. Applicability

810. Qualified actuary

815. General requirements

820. **Repealed** [EXEMPTION ELIGIBILITY TESTS]

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ADEQUACY ANALYSIS]

830. Statement of actuarial opinion [BASED ON AN ASSET ADEQUACY ANALYSIS]

835. Memorandum to support a statement of actuarial opinion

840. Additional considerations for analysis

845. Definitions

3 AAC 21.800 is amended to read:

3 AAC 21.800. Purpose. The purpose of 3 AAC 21.800 - 3 AAC 21.845 is to establish
[THE FOLLOWING:]

(1) **requirements** [GUIDELINES AND STANDARDS] for a statement of

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actuarial opinion submitted under AS 21.18.110(m) and for a memorandum prepared under AS 21.18.110(q); and

(2) requirements and qualifications for the appointment of an appointed actuary. (Eff. 9/1/96, Register 139; am 1/1/2005, Register 172)

Authority: AS 21.06.090 AS 21.18.110 **AS 21.18.160**

3 AAC 21.805(a) is amended, and (b) is repealed to read:

3 AAC 21.805. Applicability. (a) **The provisions of** 3 AAC 21.800 - 3 AAC 21.845 apply to all [LIFE] insurers **and fraternal benefit societies** transacting the business of life insurance, annuities, or health insurance in this state and to all [LIFE] insurers **and fraternal benefit societies** that [ARE AUTHORIZED TO] reinsure life insurance, annuities, or health insurance in this state **and are required to file an annual statement.**

(b) Repealed 1/1/2005. (Eff. 9/1/96, Register 139; am 4/20/97, Register 142; am 1/1/2005, Register 172)

Authority: AS 21.06.090 **AS 21.18.160** AS 21.84.335
AS 21.18.110

3 AAC 21.810(a) and (c) are amended, and (b) is repealed to read:

3 AAC 21.810. Qualified actuary. (a) A “qualified actuary” is an individual who

- (1) is a member in good standing of the American Academy of Actuaries;
- (2) meets the qualification standards of the American Academy of Actuaries to

sign statements of actuarial opinion for an annual statement of a [LIFE INSURANCE] company;

(3) is familiar with the valuation requirements under AS 21.18.080 - AS 21.18.086 and AS 21.18.110; and

(4) has not been disqualified by the director, after notice and hearing under AS 21.06.180, for

(A) a violation of AS 21, an insurance law of any state, or other [ALASKA] law pertinent to the duties or responsibilities of a qualified actuary;

(B) conviction of a fraudulent act;

(C) conduct considered by the director to reflect incompetence or untrustworthiness;

(D) the submission to the director within the past five years of an actuarial opinion or memorandum that the director rejected because it failed to meet the requirements of 3 AAC 21.800 - 3 AAC 21.845 or the actuarial practice standards adopted by the Actuarial Standards Board required by AS 21.18.110(n);

(E) resignation or removal as an actuary with a company or a consulting firm within the past five years due to acts or omissions indicated in a report of examination or due to failure to adhere to generally accepted actuarial standards; or

(F) failure to notify the director of an action taken against the actuary by an insurance regulator of another state for grounds that are substantially the same as a provision under this paragraph.

(b). Repealed 1/1/2005.

(c) A qualified actuary who prepares the statement of actuarial opinion required under AS 21.18.110(m) shall be appointed or retained **either** directly by [OR BY DELEGATION OF AUTHORITY OF] the board of directors of the company **or by delegation of authority of the board of directors through an executive officer other than the qualified actuary.** The company shall give the director written notice of the name, title, and manner of appointment or retention of each qualified actuary appointed or retained by the company before December 31 of the calendar year for which the opinion is rendered, and shall state in the notice that the individual meets the requirements for a qualified actuary. In the case of a consulting actuary, the company shall also provide the name of the consulting firm. Once notice of an appointment or retention is furnished to the director, [NO] further notice is **not** required, but the company shall give the director written notice within 30 days **after** [OF] board action if the actuary ceases to be appointed or retained by the company or fails to meet the requirements for a qualified actuary. If a company appoints or retains a qualified actuary to replace a previous appointment or retention, the company shall state this fact in a notice to the director and give the reason for replacement.

(Eff. 9/1/96, Register 139; am 1/1/2005, Register 172)

Authority:	AS 21.06.090	<u>AS 21.18.080</u>	<u>AS 21.18.086</u>
	AS 21.06.180	<u>AS 21.18.082</u>	<u>AS 21.18.160</u>
	AS 21.18.110	<u>AS 21.18.084</u>	

3 AAC 21.815(a) is amended and (b) and (c) are repealed, to read:

(a) **A company** [AN INSURER] shall attach to the inside front cover of the annual

statement filed each year, the statement of a qualified actuary entitled “statement of actuarial opinion” that expresses an opinion relating to reserves and related actuarial items held in support of policies and contracts in accordance with 3 AAC 21.830. [A COMPANY EXEMPT FROM THE REQUIREMENTS OF 3 AAC 21.830 BY 3 AAC 21.820 SHALL ATTACH TO THE INSIDE FRONT COVER OF THE ANNUAL STATEMENT, A STATEMENT OF ACTUARIAL OPINION RENDERED BY AN APPOINTED ACTUARY IN ACCORDANCE WITH 3 AAC 21.825.]

(b) Repealed 1/1/2005.

(c) Repealed 1/1/2005.

(Eff. 9/1/96, Register 139; am 1/1/2005, Register 172)

Authority: AS 21.06.090 AS 21.18.110 **AS 21.18.160**

3 AAC 21.820 is repealed:

3 AAC 21.820. Exemption eligibility tests. Repealed. (Eff. 9/1/96, Register 139; repealed 1/1/2005, Register 172)

3 AAC 21.825 is repealed:

3 AAC 21.825. Statement of actuarial opinion without an asset adequacy analysis. Repealed. (Eff. 9/1/96, Register 139; repealed 1/1/2005, Register 172)

3 AAC 21.830 is repealed and readopted to read:

3 AAC 21.830. Statement of actuarial opinion. (a) A statement of actuarial opinion must contain the following:

(1) an opening paragraph, in substantially the following form, that identifies the appointed actuary, lists the actuary's qualifications, and indicates the relationship between the actuary and the company for whom the opinion is written:

[FOR A COMPANY ACTUARY]

“I, _____ (name), am _____ (title) of _____ (company name) and a member of the American Academy of Actuaries. I was appointed directly by or through delegation of authority from the Board of Directors of _____ (company name) to render this opinion, as stated in a letter to the director dated _____ (insert date). I meet the academy qualification standards for rendering this opinion and have knowledge of the valuation requirements under AS 21.18.110”;

or

[FOR A CONSULTING ACTUARY]

“I, _____ (name), a member of the American Academy of Actuaries, am associated with the firm of _____ (name of consulting firm). I have been appointed directly by or through delegation of authority from the Board of Directors of _____ (name of company) to render this opinion, as stated in a letter to the director dated _____ (insert date). I meet the academy qualification standards for rendering this opinion and have knowledge of the valuation requirements under AS 21.18.110”;

(2) a scope paragraph, in substantially the following form, that identifies the subjects on which an opinion is expressed and describes the scope of the appointed actuary's

work, including a tabulation that delineates the reserves and related actuarial items that have been analyzed for asset adequacy, states the method of analysis, and identifies the reserves and related actuarial items covered by the opinion that have not been analyzed for asset adequacy:

“I have examined the actuarial assumptions and actuarial methods used in determining the reserves and related actuarial items listed below, as shown in the annual statement of the company, as prepared for filing with state regulatory officials, as of December 31, _____.

Tabulated below are the reserves and related actuarial items that have been subjected to asset adequacy analysis”:

RESERVES AND RELATED ACTUARIAL ITEMS

Asset Adequacy Tested Amounts		Reserves and Liabilities			
Statement Item	Formula Reserves	Additional Actuarial Reserves (a)	Analysis Method (b)	Other Amount	Total Amount (1)+(2)+(3)
	(1)	(2)		(3)	(4)
Exhibit 8					
A Life Insurance					
B Annuities					
C Supplementary Contract Involving Life Contingencies					
D Accidental Death Benefit					
E Disability - Active					
F Disability - Disabled					

G Miscellaneous					
Total (Exhibit 8 Item 1, Page 3)					
Exhibit 9					
A Active Life Reserve					
B Claim Reserve					
Total (Exhibit 9 Item 2, Page 3)					
Exhibit 10					
Premiums and Other Deposit Funds (Column 5, Line 14)					
Guaranteed Interest Contracts (Column 2, Line 14)					
Other (Column 6, Line 4)					
Supplemental Contracts and Annuities Certain (Column 3, Line 14)					
Dividend Accumulations (Column 4, Line 14)					
Total Exhibit 10 (Column 1, Line 14)					
Exhibit 11 Part 1					
1 Life (Page 3, Line 4.1)					

2	Health (Page 3, Line 4.2)				
	Total Exhibit 11, Part 1				
	Separate Accounts (Page 3 of the Annual Statement of the Separate Accounts, Lines 1, 2, 3.1, 3.2, 3.3)				
	TOTAL RESERVES				

IMR (General Account, Page __, Line __)	
(Separate Accounts, Page __, Line __)	
AVR (Page __, Line __)	(c)
Net Deferred and Uncollected Premium	

Notes:

(a) The additional actuarial reserves are the reserves established under 3 AAC 21.830.

(b) The appointed actuary must indicate the method of analysis determined in accordance with the standards for asset adequacy analysis in the actuarial standards of practice adopted by the Actuarial Standards Board and required by AS 21.18.110(n), and in 3 AAC 21.830 by means of symbols that are identified in footnotes to the table.

(c) Allocated amount of asset valuation reserve.

(3) a reliance section, in substantially the following form, that describes the areas where the appointed actuary has deferred to another expert in developing data, procedures, or

assumptions, and that is supported by a statement of the expert in the form specified under (g) of this section:

“I have relied on _____ (name), _____ (title) for _____ (areas of deference, e.g., “anticipated cash flows from currently owned assets, including variations in cash flows according to economic scenarios” or “certain critical aspects of the analysis performed in conjunction with forming my opinion”), as certified in the attached statement. I have reviewed the information relied upon for reasonableness.”;

(4) language in the reliance section, in substantially the following form, if the appointed actuary has examined the underlying asset and liability records:

“My examination included all the review of the actuarial assumptions and actuarial methods and of the underlying basic asset and liability records and the tests of the actuarial calculations that I considered necessary. I also reconciled the underlying basic asset and liability records to _____ (list of applicable exhibits and schedules) of the company’s current annual statement.”;

(5) language in the reliance section, in substantially the following form, if the appointed actuary has not examined the underlying records, but has relied upon data prepared by the company or a third party, such as listings and summaries of policies or contracts in force, or asset records:

“In forming my opinion on _____ (specify types of reserves) I relied upon data prepared by _____ (name and title of company officer certifying in-force records or other data) as certified in the attached statements. I evaluated that data for reasonableness and

consistency. I also reconciled that data to _____ (exhibits and schedules to be listed as applicable) of the company's current annual statement. In other respects, my examination included review of the actuarial assumptions and actuarial methods used and tests of the calculations I considered necessary.”;

(6) an opinion section, in substantially the following form, that expresses the appointed actuary's opinion regarding the adequacy of the supporting assets to mature the liabilities:

“In my opinion the reserves and related actuarial values concerning the statement items identified above

“1. are computed in accordance with presently accepted actuarial standards, consistently applied and fairly stated, and in accordance with sound actuarial principles;

“2. are based on actuarial assumptions that produce reserves at least as great as those called for in a contract provision regarding the reserve basis and method, and are in accordance with all other contract provisions;

“3. meet the requirements of the insurance laws of the state of _____ (state of domicile), and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed;

“4. are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the preceding year-end (with any exceptions noted below); and

“5. include provision for all actuarial reserves and related statement items that are required to be established.

“The reserves and related items, when considered in light of the assets held by the company with respect to these reserves and related actuarial items, including the investment earnings on the assets and the considerations anticipated to be received and retained under the policies and contracts, make adequate provision, in accordance with presently accepted actuarial standards of practice, for the anticipated cash flows required by the contractual obligations and related expenses of the company.

“The actuarial methods, considerations, and analyses used in forming my opinion conform to the appropriate standards of practice adopted by the Actuarial Standards Board as required by AS 21.18.110(n). These standards form the basis of this statement of opinion.”

[ONE OF THE NEXT TWO PARAGRAPHS, WHICHEVER APPLIES]

“This opinion is updated annually as required by law. To the best of my knowledge, there have been no material changes between the date of the annual statement to which this opinion applies and the date of this opinion that should be considered when reviewing this opinion.”; or

“The following material change(s) that occurred between the date of the annual statement to which this opinion applies and the date of this opinion should be considered when reviewing this opinion: (describe the change or changes)”;

“The impact of unanticipated events after the date of this opinion is beyond the scope of this opinion. The analysis of the asset adequacy portion of this opinion should be viewed

recognizing that the company's future experience may not follow all the assumptions used in the analysis.

“Signature of Appointed Actuary

“Address of Appointed Actuary

“Telephone Number of Appointed Actuary”

(b) The required language in (a) of this section may be modified as needed to meet the circumstances of a particular case, if the language clearly expresses the appointed actuary's professional judgment.

(c) If the appointed actuary considers it necessary, a statement of actuarial opinion may contain a

(1) qualification of the opinion;

(2) disclosure of an inconsistency in the method of analysis or the basis of asset allocation that was used in the prior opinion and the one used for this opinion; however, the adoption of an actuarial assumption for new issues, new claims, or other new liabilities that differs from a corresponding assumption used for prior new issues or new claims or other new liabilities is not a change in actuarial assumptions within the meaning of this section;

(3) disclosure of whether additional reserves as of the prior opinion date are released as of this opinion date, and the amount of the release; or

(4) paragraph that briefly describes the assumptions that form the basis for the actuarial opinion.

(d) A statement of actuarial opinion rendered under this section must apply to all in-force business on the statement date regardless of whether directly issued or assumed or when or where the business was issued, and must conform to the actuarial standards of practice adopted by the Actuarial Standards Board as required by AS 21.18.110(n).

(e) If the appointed actuary determines that a reserve must be held in addition to the aggregate reserve held by the company and calculated by the methods required under AS 21.18.110, the company shall establish the additional reserve. Additional reserves established under this subsection that are subsequently determined to be unnecessary may be released. An amount released must be disclosed in the actuarial opinion for the applicable year. The release of the additional reserves will not be considered by the director to be an adoption of a lower standard of valuation.

(f) If the appointed actuary is unable to form an opinion, the appointed actuary shall issue a statement that explains why an opinion cannot be formed, instead of writing an opinion paragraph. In the case of an adverse or qualified opinion, the appointed actuary shall issue an adverse or qualified actuarial opinion that explicitly states the reason for the adverse or qualified opinion.

(g) If the appointed actuary relies on the certification of others on matters concerning the accuracy or completeness of any data underlying the actuarial opinion, or the appropriateness of any other information used by the appointed actuary in forming the actuarial opinion, the actuarial opinion must identify each person the actuary is relying upon and a precise identification of the items subject to that reliance.

(h) A person upon whom the appointed actuary relies under (g) of this section shall provide a certification that precisely identifies the items on which the person is providing information and a statement of the accuracy, completeness, or reasonableness of the items.

(i) A certification under (h) of this section must include

(1) the signature, title, company, address, and telephone number of the person giving the certification; and

(2) the date the certification is signed.

(j) A company may provide an opinion statement that “the reserves meet the requirements of the insurance laws and regulations of the state of _____ (state of domicile) and the formal written standards and conditions of this state for filing an opinion based on the law of the state of _____ (state of domicile)” instead of the statement required in item 3 under (a)(6) of this section, if the

(1) director issues an order

(A) allowing a company to use the opinion statement in this subsection instead of the statement required in item 3 under (a)(6) of this section; and

(B) listing standards and conditions for use of the opinion statement in this subsection; and

(2) company applies the standards and conditions in effect on July 1 of a calendar year for statements for that calendar year, and continues to use the standards and conditions until the director subsequently issues an order revising the standards and conditions or prohibiting the use of this opinion statement.

(k) A company may provide an opinion statement that “the reserves meet the requirements of the insurance laws and regulations of the state of _____ (state of domicile) and I have verified that the company’s request to file an opinion based on the law of the state of domicile has been approved and that any conditions required by the director for approval of that request have been met” instead of the statement required in item 3 under (a)(6) of this section, if

(1) on or before April 30 of the year in which the actuarial opinion is applicable, the company files with the director a request to use the opinion statement in this subsection, and the director has not denied the request in writing before October 1 of that year; or

(2) on or before March 31 of the year in which the actuarial opinion is applicable, the director issues an order allowing a company to use the opinion statement in this subsection.

(l) A company may provide an opinion statement that “the reserves meet the requirements of the insurance laws and regulations of the state of _____ (state of domicile) and I have submitted the required comparison as specified by this state” instead of the statement required in item 3 under (a)(6) of this section, if

(1) the director issues an order that allows a company to use the opinion statement in this subsection, and lists the insurance products for which that statement is applicable;

(2) the appointed actuary of a company that wants to use the opinion statement in this subsection provides a comparison of gross nationwide reserves held by the company to the gross nationwide reserves that the company would hold under the National Association of

Insurance Commissioners' codification standards for the year in which the actuarial opinion is applicable;

(3) the comparison provided by the appointed actuary under (2) of this subsection lists for each product type identified by this state or another state in which the opinion statement is allowed, the associated death benefit or account value, reserves held by the company, codification reserve amount, and codification reserve standard; and

(4) a National Association of Insurance Commissioners' codification standard does not exist for or does not directly apply to a listed insurance product and the appointed actuary discloses the specific method and assumptions the actuary used to determine the reserves held by the company.

(m) The director may revise the standards and conditions or prohibit the use of the opinion statement under (j)(2) of this section by issuing an order on or before March 31 of the year in which the actuarial opinion is applicable.

(n) A list in an order issued under (l)(1) of this section is valid until rescinded or modified by the director.

(o) The comparison that is provided by the appointed actuary under (l)(2) of this section is confidential, subject to the confidentiality requirements of AS 21.18.110(s).

(p) If the director rejects an actuarial opinion under AS 21.18.110(o), the company shall file an actuarial opinion based on the laws of this state.

(q) The director may contract with an independent qualified actuary at the company's expense to prepare and file an actuarial opinion based on the laws of this state under (p) of this

section, if the company is unable to provide the opinion within 60 days after the date the director notifies the company that the company must file the opinion.

(r) In this section, “gross nationwide reserves” means the total reserves calculated for all of a company’s in-force business directly sold and assumed without reduction for reinsurance ceded. (Eff. 9/1/96, Register 139; am 1/1/2005, Register 172)

Authority: AS 21.06.090 AS 21.18.110 **AS 21.18.160**

AS 21.09.200

3 AAC 21.835(d) is repealed and readopted, and new subsections are added, to read:

(d) An appointed actuary shall prepare a regulatory asset adequacy issues summary in compliance with (e) of this section. A company shall submit the regulatory asset adequacy issues summary to the director upon request, and the director will hold the regulatory asset adequacy issues summary confidential subject to the confidentiality requirements of AS 21.18.110(s).

(e) A memorandum prepared under this section must demonstrate that the analysis has been done according to the actuarial standards of practice adopted by the Actuarial Standards Board as required by AS 21.18.110(n) and the requirements under 3 AAC 21.800 - 3 AAC 21.845 and must provide the following:

(1) information about reserves that includes

(A) product descriptions, including market description, underwriting, and other aspects of a risk profile, and the specific risks that the appointed actuary considers significant;

(B) the source of liability in force;

(C) the reserve method and basis;

(D) the investment reserves;

(E) the reinsurance arrangements;

(F) identification of

(i) any explicit or implied guarantees made by the general account in support of benefits provided through a separate account or under a separate account policy or contract ; and

(ii) the methods used by the appointed actuary to provide for the guarantees in the asset adequacy analysis; and

(G) documentation of assumptions to test reserves for

(i) base and excess lapse rates;

(ii) interest crediting rate strategy;

(iii) mortality;

(iv) policyholder dividend strategy;

(v) competitor or market interest rate;

(vi) annuitization rates;

(vii) commissions and expenses; and

(viii) morbidity;

(2) information about assets that includes

(A) portfolio descriptions, including a risk profile that discloses the

quality, distribution, and types of assets;

(B) the investment and disinvestment assumption used by the actuary;

(C) the source of asset data;

(D) the asset valuation bases; and

(E) documentation of assumptions for

(i) default costs;

(ii) bond call function;

(iii) mortgage prepayment function;

(iv) determining market value for assets sold due to disinvestment strategy; and

(v) determining yield on assets acquired through the investment strategy;

(3) the basis upon which the analysis was performed that includes the

(A) methodology used;

(B) rationale for inclusion or exclusion of different blocks of business and how pertinent risks were analyzed;

(C) rationale for the degree of rigor in analyzing different blocks of business including the level of materiality used in determining how rigorously to analyze different blocks of business;

(D) criteria used for determining asset adequacy including the precise basis for determining whether assets are adequate to cover reserves; and

(E) whether the impact of federal income taxes was considered and the method of treating reinsurance in the asset adequacy analysis;

(4) a summary of material changes in methods, procedures, or assumptions from the prior year's asset adequacy analysis;

(5) a summary of results;

(6) a description of all conclusions formed by the analysis.

(f) Documentation of assumptions under (e) of this section must be in a manner that allows another actuary reviewing the actuarial assumptions to form a conclusion regarding the reasonableness of the assumptions.

(g) The regulatory asset adequacy issues summary required under (d) of this section must include

(1) a description of each scenario tested including whether the scenario is stochastic or deterministic;

(2) a description of the sensitivity testing done relative to the scenarios described under (1) of this subsection;

(3) a description of the tests and statement of the amounts of additional reserve necessary to eliminate negative aggregate surplus values, if negative ending surplus values result under any of the scenarios tested under (1) and (2) of this subsection;

(4) disclosure of the extent to which the appointed actuary uses assumptions in the asset adequacy analysis that are materially different than the assumptions used in the previous asset adequacy analysis;

(5) the amount of reserves and a description of each insurance product that was subject to asset adequacy analysis in the previous opinion but was not subject to asset adequacy analysis in the current opinion;

(6) disclosure of interim results that are of significant concern to the appointed actuary;

(7) a description of the methods used by the actuary to account for the impact of reinsurance under each of the scenarios tested under (1) and (2) of this subsection on the company's asset and liability cash flows;

(8) a statement by the appointed actuary relative to whether the actuary is satisfied that all options in any asset or liability, including options that affect cash flows in fixed income securities, and equity-like features in any investment are appropriately considered in the asset adequacy analysis;

(9) the name of the company for which the summary is being supplied; and

(10) the signature of and date the appointed actuary signed the opinion.

(i) The actuarial memorandum must include a statement in substantially the following form:

“The actuarial methods, considerations, and analyses used in the preparation of this memorandum conform to the appropriate standards of practice adopted by the Actuarial Standards Board as required by AS 21.18.110(n).” (Eff. 9/1/96, Register 139; am 1/1/2005, Register 172)

Authority: AS 21.06.090 AS 21.18.110 **AS 21.18.160**

3 AAC 21.840(a), (b), (d), and (e) are repealed:

(a) Repealed 1/1/2005.

(b) Repealed 1/1/2005.

....

(d) Repealed 1/1/2005.

(e) Repealed 1/1/2005. (Eff. 9/1/96, Register 139; am 1/1/2005, Register 172)

Authority: AS 21.06.090 AS 21.18.110 **AS 21.18.160**

3 AAC 21.845(5) is amended and (7) is repealed, to read:

(5) “company” means **an** [A LIFE] insurer, **a fraternal benefit society**, or **a** reinsurer that is required to comply with 3 AAC 21.800 - 3 AAC 21.845;

....

(7) repealed 1/1/2005. (Eff. 9/1/96, Register 139; am 1/1/2005, Register 172)

Authority: AS 21.06.090 AS 21.18.110 **AS 21.18.160**

AS 21.09.200

Chapter 28. Life, Health, Variable, and Related Insurance.

Article 7. Mortality tables. [INDIVIDUAL AND GROUP ANNUITY VALUATION.]

Section

...

620. Life mortality table

640. Gender-blended mortality tables

690. Definitions

3 AAC 28 is amended by adding new sections to read:

3 AAC 28.620. Life mortality table. (a) The 2001 CSO Mortality Table is adopted by reference and is recognized for use under (b) and (c) of this section in determining the minimum standard of valuation for policies for which AS 21.18.110(b)(1)(A)(iii) and AS 21.45.300(t)(6) apply.

(b) Subject to the conditions under (d), (e), and (f) of this section, an insurer may elect to use the 2001 CSO Mortality Table as the minimum standard of valuation for policies issued on or after January 1, 2005 and before January 1, 2009 for which AS 21.18.110(b)(1)(A)(iii) and AS 21.45.300(t)(6) apply.

(c) Subject to the conditions under (d), (e), and (f) of this section, an insurer shall use the 2001 CSO Mortality Table in determining the minimum standard of valuation for policies issued on or after January 1, 2009 for which AS 21.18.110(b)(1)(A)(iii) and AS 21.45.300(t)(6) apply.

(d) If an insurance policy contains separate mortality rates for smokers and nonsmokers, the insurer may use

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

(2) smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves required under AS 21.18.110(b)(4) and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values, and amounts of paid-up nonforfeiture benefits; or

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

(e) If an insurance policy does not contain separate mortality rates for smokers and nonsmokers, the insurer shall use composite mortality tables to determine minimum reserve liabilities, minimum cash surrender values, and amounts of paid-up nonforfeiture benefits.

(f) An insurer may elect to use the ultimate or the select and ultimate 2001 CSO Mortality Table for each plan of insurance in determining minimum reserve liabilities, minimum cash surrender values, and amounts of paid-up nonforfeiture benefits. (Eff. 1/1/2005, Register 172)

Authority: AS 21.06.090 AS 21.18.160 AS 21.45.300
AS 21.18.110

Editor's note: The 2001 CSO Mortality Tables referenced in 3 AAC 28.620 may be obtained from the Society of Actuaries, 475 N. Martingale Road, Suite 800, Schaumburg, Illinois 60173-2226; telephone number (847) 706-3500.

3 AAC 28.640. Gender-blended mortality tables. (a) An insurer may elect to use a gender-blended mortality table for determining minimum cash surrender values and amounts of paid-up nonforfeiture benefits for each plan of insurance if the

- (1) same premium rates and charges are used for male and female lives; or
- (2) insurer is prohibited by law from using mortality rates that differ by gender.

(b) An insurer may issue the same type of life insurance policy on both a sex-distinct and sex-neutral basis.

(c) For purposes of this section, “gender-blended mortality table” is a mortality table that is a blend of the male 2001 CSO Mortality Table and the female 2001 CSO Mortality Table.

(Eff. 1/1/2005, Register 172)

Authority: AS 21.06.090 AS 21.18.160 AS 21.45.300
AS 21.18.110

Editor’s note: The 2001 CSO Mortality Tables referenced in 3 AAC 28.640 may be obtained from the Society of Actuaries, 475 N. Martingale Road, Suite 800, Schaumburg, Illinois 60173-2226; telephone number (847) 706-3500.

3 AAC 28.690 is amended by adding new paragraphs to read:

(5) “2001 CSO Mortality Table” means the mortality table consisting of separate rates of mortality for male and female lives, developed by the American Academy of Actuaries Commissioners Standard Ordinary (CSO) Task Force and adopted by the National Association

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of Insurance Commissioners in December 2002; “2001 CSO Mortality Table” includes the ultimate, select and ultimate, smoker, nonsmoker, and composite 2001 CSO Mortality Tables, as well as the age-nearest birthday and age-last birthday bases of the tables;

(6) “female 2001 CSO Mortality Table” means the mortality table consisting of the rates of mortality for female lives from the 2001 CSO Mortality Table;

(7) “male 2001 CSO Mortality Table” means the mortality table consisting of the rates of mortality for male lives from the 2001 CSO Mortality Table;

(8) “composite mortality tables” means the mortality tables with rates of mortality that do not distinguish between smokers and nonsmokers;

(9) “smoker and nonsmoker mortality tables” means mortality tables with separate rates of mortality for smokers and nonsmokers. (Eff. 12/31/85, Register 96; am 3/11/98, Register 145; am 1/1/2005, Register 172)

Authority: AS 21.06.090 AS 21.18.110 **AS 21.18.160**

Editor’s note: The 1983 Table “a”, the 1983 GAM Table, the Annuity 2000 Mortality Table, and the 1994 GAR Table referenced in 3 AAC 28.600, **and the 2001 CSO Mortality Tables referenced in 3 AAC 28.620 and 3 AAC 28.640,** may be obtained from the Society of Actuaries, [;] 475 N. Martingale Road, Suite 800, [;] Schaumburg, Illinois 60173-2226; telephone number (847) 706-3500.