

1200 Life Insurance and Annuities

1207 Smoker/Nonsmoker Mortality Tables [Formerly Regulation 49]

1.0 Authority

This Regulation is promulgated by the Department of Insurance pursuant to 18 **Del.C.** §2929(g)(8)f.

2.0 Purpose

The purpose of this Regulation is to adopt the NAIC Model Regulation which permits the use of mortality tables that reflect differences in mortality between smokers and nonsmokers in determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits for plans of insurance with separate premium rates for smokers and nonsmokers.

3.0 Definitions

3.1 As used in this Regulation:

"1980 CSO Table, with or without Ten-Year Select Mortality Factor" means that mortality table, consisting of separate rates of mortality for male and female lives, developed by the Society of Actuaries Committee to Recommend New Mortality Tables for Valuation of Standard Individual Ordinary Life Insurance, incorporated in the 1980 NAIC Amendments to the Model Standard Valuation Law and Standard Nonforfeiture Law for Life Insurance, and referred to in those models as the Commissioners' 1980 Standard Ordinary Mortality Table, with or without Ten-Year Select Mortality Factors. The same select factors will be used for both smokers and nonsmokers tables.

"1980 CET Table" means that mortality table consisting of separate rates of mortality for male and female lives, developed by the Society of Actuaries Committee to Recommend New Mortality Tables for Valuation of Standard Individual Ordinary Life Insurance, incorporated in the 1980 NAIC Amendments to the Model Standard and Nonforfeiture Law for Life Insurance, and referred to in those models as the Commissioners' 1980 Extended Term Insurance Table.

"1958 CSO Table" means that mortality table developed by the Society of Actuaries Special Committee on New Mortality Tables, incorporated in the NAIC Model Standard Nonforfeiture Law for Life Insurance, and referred to in that model as the Commissioners' 1958 Standard Ordinary Mortality Table.

"1958 CET Table" means that mortality table developed by the Society of Actuaries Special Committee on New Mortality Tables, incorporated in the NAIC Model Standard Nonforfeiture Law for Life Insurance, and referred to in that model as the Commissioners' 1958 Extended Term Insurance Table.

"Composite mortality tables" refers to the mortality tables defined in 3.0 as they were originally published with rates of mortality that do not distinguish between smokers and nonsmokers.

"Smoker and nonsmoker mortality tables" refers to the mortality tables with separate rates of mortality for smokers and nonsmokers derived from the tables defined in 3.1 through 3.4 of this section which were developed by the Society of Actuaries Task Force on Smoker/Nonsmoker Mortality and the California Insurance Department staff and recommended on the NAIC Technical Staff Actuarial Group.

4.0 Alternate Tables

4.1 For any policy of insurance delivered or issued for delivery in this State after the operative date of 18 **Del.C.** §2929(g)(11) for that policy form and before January 1, 1989, at the option of the company and subject to the conditions stated in section 5.0 of this Regulation.

4.1.1 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

**TITLE 18 INSURANCE
DELAWARE ADMINISTRATIVE CODE**

2

- 4.1.2 The 1958 CET Smoker and Nonsmoker Mortality Tables may be substituted for the 1980 CET Table for use in determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.
- 4.1.3 Provided that for any category of insurance issued on female lives with minimum reserve liabilities and 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 years younger than the actual age of the insured.
- 4.1.4 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.
- 4.2 For any policy of insurance delivered or issued for delivery in this State after the operative date of 18 **Del.C.** §2929(g)(11) for that policy form, at the option of the company and subject to the conditions stated in section 5.0 of this Regulation,
 - 4.2.1 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
 - 4.2.2 The 1980 CET Smoker and Nonsmoker Mortality Tables may be substituted for the 1980 CET Table for use in determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

5.0 Conditions

- 5.1 For each plan of insurance with separate rates for smokers and nonsmokers an insurer may
 - 5.1.1 use composite mortality tables to determine minimum reserve liabilities and minimum cash surrender values and amounts of paidup nonforfeiture benefits,
 - 5.1.2 use smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by 18 **Del.C.** §1113(g) and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values and amounts of paid-up nonforfeiture benefits, or
 - 5.1.3 use smoker and nonsmoker mortality to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

6.0 Separability

If any provision of this Regulation or the application thereof 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 shall not be affected thereby.

7.0 Effective Date

This Regulation shall be effective December 30, 1984. Insurers may use the alternate tables described in section 4.0 for any policies issued in calendar year 1984 and later in the preparation of the annual statement for the year ending December 31, 1984 and thereafter.