

DEPARTMENT OF INSURANCE

Statutory Authority: 18 Delaware Code, Sections 314 & 1111 (18 Del.C. §§314, 1111)

FINAL

ORDER

1218 Determining Reserve Liabilities For Credit Life Insurance

Proposed Regulation 1218 relating to Reserve Liabilities for Credit Life Insurance was published in the *Delaware Register of Regulations* on May 1, 2010. The comment period remained open until June 7, 2010. There was no public hearing on proposed Regulation 1218. Public notice of the proposed Regulation 1218 in the *Register of Regulations* was in conformity with Delaware law.

Summary of the Evidence and Information Submitted

No comment was received on the proposed amendments.

Findings of Fact

Based on Delaware law and the record in this docket, I make the following findings of fact:

The requirements of the proposed amendments to Regulation 1218 best serve the interests of the public and of insurers and comply with Delaware law.

Decision and Effective Date

Based on the provisions of 18 Del.C. §§314, 1111 and 29 Del.C. §§10113-10118 and the record in this docket, I hereby adopt amended Regulation 1218 as may more fully and at large appear in the version attached hereto to be effective on July 11, 2010.

Text and Citation

The text of the proposed Regulation 1218 last appeared in the *Register of Regulations* Vol. 13, Issue 11, pages 1397-1398.

IT IS SO ORDERED this 8th day of June 2010.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

1218 Determining Reserve Liabilities For Credit Life Insurance

1.0 Authority

This regulation is promulgated by the Commissioner of Insurance pursuant to 18 Del.C. §§1111, 1113, 1213, 1701 and 29 Del.C. Ch. 101 (Administrative Procedures Act).

2.0 Scope

This regulation applies to credit life insurance policies and certificates, and those similar policies and certificates where there is no identifiable charge made to the debtor.

3.0 Purpose

The purpose of this regulation is to:

- 3.1 Recognize the 2001 CSO Male Composite Ultimate Mortality Table for use in determining the minimum standard of valuation.
- 3.2 Specify the interest rate and method to be used in determining the minimum standard of valuation.

4.0 Definitions

"2001 CSO Mortality Table" means that mortality table, consisting of separate rates of mortality for male and female lives, developed by the American Academy of Actuaries CSO Task Force from the Valuation Basic Mortality Table developed by the Society of Actuaries Individual Life Insurance Valuation Mortality Task Force, and adopted by the NAIC in December 2002. The 2001 CSO Mortality Table is included in the Proceedings of the NAIC (2nd Quarter 2002). Unless the context indicates otherwise, the "2001 CSO Mortality Table" includes both the ultimate form of that table and the select and ultimate form of that table and includes both the smoker and nonsmoker mortality tables and the composite mortality tables. It also includes both the age-nearest-birthday and age-last-birthday bases of the mortality tables.

"Composite mortality tables" means mortality tables with rates of mortality that do not distinguish between smokers and nonsmokers.

"Credit life insurance" means life insurance as defined in 18 **Del.C.** §3702.

5.0 2001 CSO Male Composite Ultimate Mortality Table

- 5.1 The minimum standard for both male and female insureds shall be 2001 CSO Male Composite Ultimate Mortality Table.
- 5.2 Where the credit life insurance policy or certificate insures two lives, the minimum standard shall be twice the mortality in the 2001 CSO Male Composite Ultimate Mortality Table based on the age of the older insured.

6.0 Minimum Standards

- 6.1 18 **Del.C.** §1212 shall not apply to credit life insurance.
- 6.2 The interest rates used in determining the minimum standard for valuation shall be the calendar year statutory valuation interest rates as defined in 18 **Del.C.** §1113.
- 6.3 The method used in determining the minimum standard for valuation shall be the Commissioners Reserve Valuation Method as defined in 18 **Del.C.** §1113.

7.0 Effective Date

This regulation is applicable to credit life policies and certificates issued on or after January 1, 2010 and effective 10 days after publication of the final Order signed by the Commissioner.

14 DE Reg. 50 (07/01/10)

14 DE Reg. 49 (07/01/10) (Final)