PROJECT HISTORY—2002

RECOGNITION OF THE 2001 CSO MORTALITY TABLE FOR USE IN DETERMINING MINIMUM RESERVE LIAB AND NONFORFEITURE BENEFITS MODEL REGULATION (#814)

1. What issues was the project intended to address?

Over the last four years, the Life and Health Actuarial Task Force has worked with the American Academy of Actuaries and the Society of Actuaries in the development of the 2001 Commissioners Standard Ordinary Mortality Table. The table will replace the 1980 CSO table as the minimum standard in the calculation of reserves and nonforfeiture values for life insurance policies. The purpose in developing the model is to provide states the regulatory language to implement the new table.

2. What states participated in drafting the model?

The following states are currently members of the Life and Health Actuarial Task Force: New Mexico (Chair), Arkansas (Vice-Chair), California, Connecticut, Florida, Illinois, Minnesota, Nebraska, New York, Oklahoma, Pennsylvania, Texas, Utah, and Washington.

3. When was the charge given to the task force, and what was the nature of the charge?

The following charge was formally given to the task force in 1999: "Work with the Society of Actuaries in the development of new mortality, annuity, and accidental death benefit mortality tables." Work on a new mortality table was given top priority. Also, the American Academy of Actuaries was a very significant participant in the project.

4. What general procedure was followed in drafting the model? What efforts were made to assure that all interested parties were provided an opportunity to comment during the drafting process?

The efforts of the task force were closely coordinated with all industry interested parties, with respect to the development of both the table and the model. In addition to open sessions at the quarterly meetings of the NAIC, numerous conference calls were held over the last several years to discuss the various drafts of the documents. Notice of those conference calls was posted on the NAIC's home page on the Internet and e-mailed to approximately 200 interested parties, including representatives of the American Council of Life Insurers, the National Alliance of Life Companies, and the National Fraternal Congress of America.

This excerpt from the final report of the American Academy of Actuaries' Commissioner Standard Ordinary Task Force provides additional information on the process by which the table was developed. During this process there were extensive communications between the Society and Academy committees and the task force. All facets of the table were thoroughly reviewed with the task force prior to its completion.

> The current statutory valuation standard, the 1980 CSO Table, is more than 20 years old. As is shown in this report, current mortality levels, represented by the 2001 Valuation Basic Table, are lower than the mortality levels underlying the 1980 CSO Table. The /7n>o9 (y)6.3.7n>1TJ 0.(l)10.f2.7 8ls/7n>o9 (yr9 (n)16.2-..9 (s)-1ta)2.7( )10.7 (m)-6..8 (0)-6.6 (rts) that overall are higher for the illustrated

statutory valuation structure. While the Academy's Life Practice Council believes that a move to a valuation system that provides more actuarial flexibility and responsibility to

Some task force members raised concerns that this language is so broad that gender-blended