

CR 88-88

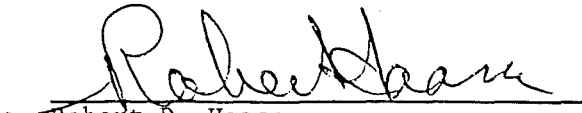
STATE OF WISCONSIN )  
 )  
OFFICE OF THE COMMISSIONER OF INSURANCE)

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Robert D. Haase, Commissioner of Insurance and custodian of the official records of said Office, do hereby certify that the annexed order creating a rule relating to smoker and nonsmoker mortality tables for determining minimum reserve liabilities and minimum nonforfeiture benefits was issued by this Office September 21, 1988.

I further certify that said copy has been compared by me with the original on file in this Office and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name in the City of Madison, State of Wisconsin, this 21st day of September, 1988.

  
Robert D. Haase  
Commissioner of Insurance

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SEP 23 1988  
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DUGLAS LA FOLLETTE  
SECRETARY OF STATE

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SEP 22 1988

DORIS LA FOLLET  
SECRETARY OF STATE

ORDER OF THE COMMISSIONER OF INSURANCE

CREATING A RULE

To create Ins 2.35, relating to smoker and nonsmoker mortality tables for determining minimum reserve liabilities and minimum nonforfeiture benefits.

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ANALYSIS PREPARED BY THE COMMISSIONER OF INSURANCE

Statutory Authority: ss. 601.41 (3), 623.06 (2) (am) 3 and 632.43 (6m) (e) 3 f, Stats.

Statutes Interpreted: ss. 623.06 (2) (am) 3 and 632.43 (6m) (e) 3 f, Stats.

The purpose of this rule is to permit the use of mortality tables that reflect differences in mortality between smokers and nonsmokers. These mortality tables are used in determining minimum reserve liabilities and minimum nonforfeiture benefits for plans of insurance with separate premium rates for smokers and nonsmokers.

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SECTION 1. Ins 2.35 is created to read:

Ins 2.35 SMOKER AND NONSMOKER MORTALITY TABLES FOR MINIMUM RESERVE LIABILITIES AND MINIMUM NONFORFEITURE BENEFITS.

(1) **PURPOSE.** This section implements ss. 623.06 (2) (am) 3 and 632.43 (6m) (e) 3 f, Stats., by permitting the use of mortality tables that reflect differences in mortality between smokers and nonsmokers. These mortality tables are used 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.

(2) **DEFINITIONS.** In this section:

(a) "1980 CSO table, with or without 10-year select mortality factor" means that mortality table, consisting of separate rates of mortality for male and female lives, incorporated in ss. 623.06 (2) (am) 3 and 632.43 (6m) (e) 3 f, Stats., and referred to in those statutes as the commissioner's 1980 standard ordinary mortality table, with or without 10-year select mortality factors.

(b) "1980 CET table" means that mortality table consisting of separate rates of mortality for male and female lives incorporated in ss. 623.06 (2) (am) 3 and 632.43 (6m) (e) 3 f, Stats., and referred to in those statutes as the commissioner's 1980 extended term insurance table.

(c) "1980 CSO smoker and nonsmoker mortality tables" means the mortality tables with separate rates of mortality for smokers and nonsmokers derived from the tables defined in par. (a), and adopted by the National Association of Insurance Commissioners in December 1983.

NOTE: Mortality rates for these tables are published on pp. 406-413, Proceedings of the National Association of Insurance Commissioners, 1984 Vol. I.

(d) "1980 CET smoker and nonsmoker mortality tables" means the mortality tables with separate rates of mortality for smokers and nonsmokers derived from the tables defined in par. (b), and adopted by the National Association of Insurance Commissioners in December 1983.

NOTE: Mortality rates for these tables are published on pp. 406-413, Proceedings of the National Association of Insurance Commissioners, 1984 Vol. I.

(e) "Composite mortality tables" means the mortality tables defined in pars. (a) and (b), as originally published with rates of mortality that do not distinguish between smokers and nonsmokers.

(3) **ALTERNATE TABLES.** At the option of the company and subject to the condition that the company use the same select factors for both smoker and nonsmoker tables, and the conditions stated in sub. (4), for any policy of insurance delivered or issued for delivery in this state after the operative date of s. 632.43 (6m) (h), Stats., for that policy form:

(a) The company may substitute the 1980 CSO smoker and nonsmoker mortality tables, with or without 10-year select mortality factors for the 1980 CSO table, with or without 10-year select mortality factors, for use in determining minimum reserve liabilities, minimum cash surrender values and amounts of paid-up nonforfeiture benefits; and

(b) The company may substitute the 1980 CET smoker and nonsmoker mortality tables for the 1980 CET Table for use in determining minimum reserve liabilities, minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

(4) **CONDITIONS.** For each plan of insurance with separate rates for smokers and nonsmokers company may:

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

(b) Use 1980 CSO or 1980 CET smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by s. 623.06 (7), Stats., and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values and amounts of paid-up nonforfeiture benefits; or

(c) Use 1980 CSO or 1980 CET smoker and nonsmoker mortality tables to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

EFFECTIVE DATE. Pursuant to s. 227.22 (2) (b), Stats., this rule shall first apply on December 1, 1988.

Dated at Madison, Wisconsin this 21<sup>st</sup> of September 1988.



Robert D. Haase  
Commissioner of Insurance



State of Wisconsin \ OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson  
Governor

Robert D. Haase  
Commissioner of Insurance

Robert M. Elconin  
Deputy Commissioner

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DATE: September 21, 1988  
TO: Gary Poulson  
FROM: Fred Nepple, General Counsel  
Office of the Commissioner of Insurance  
SUBJECT: Section Ins 2.35, Wis. Adm. Code, Clearinghouse #88-88

Enclosed are two copies of an Order of the Commissioner of Insurance creating s. Ins 2.35, Wis. Adm. Code, Clearinghouse #88-88, relating to smoker and nonsmoker mortality tables for determining minimum reserve liabilities and minimum nonforfeiture benefits.

FN:DC:mle  
Enclosure  
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