

CR 84-77

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STATE OF WISCONSIN  
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JUL 16 1984

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

DOUGLAS LA FOLLETTE  
SECRETARY OF STATE

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Thomas P. Fox, Commissioner of Insurance and custodian of the official records of said office, do hereby certify that the annexed order creating a rule relating to unisex nonforfeiture values in certain life insurance policies was issued by this office July 16, 1984.

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 16th day of July, 1984.

  
Thomas P. Fox  
Commissioner of Insurance

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9-1-84

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DOUGLAS LA FOLLETTE  
SECRETARY OF STATE

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ORDER OF THE COMMISSIONER OF INSURANCE

CREATING A RULE

To create Ins 2.20 relating to unisex nonforfeiture values in certain life insurance policies.

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ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

The purpose of this rule is to allow insurers who have elected an operative date under s. 632.43 (6m) (h), Stats., to provide for cash surrender and paid-up nonforfeiture benefits which do not vary with the sex of the life insured. Some life insurance policies are subject to the decision of the United States Supreme Court in Arizona Governing Committee v. Norris, 103 Supreme Court Reporter 3492. That decision makes it illegal for an employer to make contributions after August 1, 1983 to a defined contribution pension plan if the benefits derived from these contributions differ by sex. The tables referenced in s. 632.43 were acceptable for use in determining cash surrender and

paid-up nonforfeiture benefits before August 1, 1983. Because the benefits provided for by those tables vary by sex of the life insured they are no longer acceptable in determining benefits under plans subject to Norris. This rule provides mortality tables which may be used in any unisex policy and which are necessary for compliance with the Norris decision. This rule implements s. 632.43 (6m) (e) 3. f., Stats.

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Pursuant to the authority vested in the Commissioner of Insurance by ss. 601.41 (3) and 632.43 (6m) (e) 3. f, Stats., the Commissioner of Insurance hereby creates a rule implementing and interpreting s. 632.43 (6m) (e) 3. f, Stats., as follows:

SECTION 1. Ins 2.20 is created to read:

Ins 2.20 UNISEX NONFORFEITURE VALUES IN CERTAIN LIFE INSURANCE POLICIES. (1) PURPOSE. The purpose of this section is to allow insurers who have elected an operative date under s. 632.43 (6m) (h), Stats., to provide for cash surrender and paid-up nonforfeiture benefits which do not vary with the sex of the life insured. Some life insurance policies are subject to the decision of the United States Supreme Court in Arizona Governing Committee v. Norris, 103 Supreme Court Reporter 3492, which makes it illegal for an employer to make contributions after August 1, 1983, to a defined contribution pension plan if the benefits derived from those contributions differ by sex. Separate provisions are set forth in this section for unisex policies that may be subject to that decision and for unisex policies in general.

(2) SCOPE. Except as provided for in sub. (4) (b) this section applies only to those policies issued in this state for which the insurer or employer has determined that the implications of Norris would prohibit the use of cash surrender and paid-up nonforfeiture benefits which vary with the sex of the insured.

(3) DEFINITIONS. (a) "lx" means the number of lives surviving to age x.

(b) "1000 qx" means the yearly death rate per thousand at age x.

(c) "Table A" means the 1980 CSO Mortality Table and the 1980 CET Mortality Table for male lives, with or without 10-Year Select Mortality Factors. The yearly death rate per thousand, 1000 qx, for these tables is published in Appendix A and Appendix B, pages 618 and 619, Volume 33, Transactions of the Society of Actuaries.

(d) "Table G" means the 1980 CSO Mortality Table and the 1980 CET Mortality Table for female lives, with or without 10-Year Select Mortality Factors. The yearly death rate per thousand, 1000 qx, from these tables is published in Appendix A and Appendix B, pages 618 and 619, Volume 33, Transactions of the Society of Actuaries.

(e) "Tables B through F" means the blended 1980 CSO and 1980 CET Mortality Tables for policies issued on an age nearest birthday basis with varying proportions of male lives to total lives. The ratio of male lives to total lives is 80% for Table B, 60% for Table C, 50% for Table D, 40% for Table E and 20% for Table F. These tables are published in the proceedings of the National Association of Insurance Commissioners for the 1983 December meeting, pages 396 to 400. For policies issued on an age last birthday basis, the tables shall be modified by interpolation between values of lx.

(4) CASH VALUE and PAID-UP NONFORFEITURE BENEFITS. (a) For any policy of life insurance which falls within subsection (2) of this section and is delivered or issued for delivery in this state before January 1, 1989, and after the operative date of s. 632.43 (6m) (h), Stats., applicable to the policy, the cash surrender and paid-up nonforfeiture benefits provided under the policy may be calculated using one of the sets of tables designated as Table A through Table G. Tables A and G may not be used for policies issued on or after January 1, 1985 except where the proportion of persons insured is anticipated to be 90% or more of one sex or the other or except for certain policies converted from group insurance. Such group conversions issued on or after January 1, 1986, shall use mortality tables based on the blend of lives by sex expected for such policies if such group conversions are considered extensions of the Norris decision.

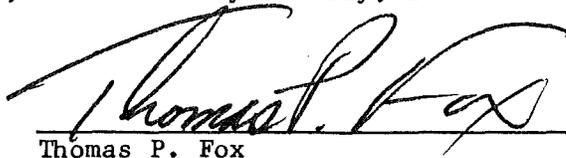
(b) An insurer may elect one of the Tables B through F in lieu of the 1980 CSO and CET tables for all life insurance policies under which all contractual requirements and guarantees are independent of the sex of the life insured, without regard to any opinion as to the applicability of Norris; provided that the Table so elected may not be changed prior to January 1, 1989 unless the insurer can demonstrate to the satisfaction of the Commissioner that a different Blend is more appropriate.

(5) RESERVES. The minimum reserve standards for life insurance policies are set forth in s. 623.06, Stats., and are not affected by this section.

(6) SEPARABILITY. If any provision of this section shall be held invalid, the remainder shall not be affected thereby.

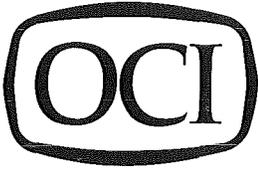
This section shall become effective on the first day of the month following its publication in the Wisconsin Administrative Register as provided in s. 227.026 (1) (intro.), Stats.

Dated at Madison, Wisconsin, this 16th day of July, 1984.

A handwritten signature in cursive script, appearing to read "Thomas P. Fox", written over a horizontal line.

Thomas P. Fox  
Commissioner of Insurance

1988G



The State of Wisconsin  
Office of the Commissioner of Insurance

Thomas P. Fox  
Commissioner  
(608) 266-3585

DATE: July 16, 1984  
TO: Gary Poulson  
FROM: M. E. Van Cleave  
Assistant Deputy Commissioner of Insurance  
SUBJECT: Ins 2.20-Clearinghouse No. 84-77

A handwritten signature in cursive script, likely belonging to M. E. Van Cleave, is written over the "FROM" line of the letterhead.

Enclosed are two copies of an Order of the Commissioner of Insurance creating section Ins 2.20, Clearinghouse No. 84-77, relating to unisex nonforfeiture values in certain life insurance policies.

MEV:fm  
Enclosures  
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