

APA-1

TRANSMITTAL SHEET FOR NOTICE OF INTENDED ACTION

Control: 482
Department or Agency: Alabama Department of Insurance
Rule No.: Chapter 482-1-075
Rule Title: Smoker - Non-Smoker Mortality Tables for Use in Determining Minimum Reserve Liabilities and Nonforfeiture Benefits
Intended Action: Amend

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? No

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? Yes

Is there another, less restrictive method of regulation available that could adequately protect the public? No

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved? No

To what degree?: N/A

Is the increase in cost more harmful to the public than the harm that might result from the absence of the proposed rule? NA

Are all facets of the rule-making process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? Yes

Does the proposed action relate to or affect in any manner any litigation which the agency is a party to concerning the subject matter of the proposed rule? Yes

Does the proposed rule have an economic impact? No

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975, and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Services Agency.

Signature of certifying officer

Reyn Norman
Reyn Norman

Date

Wednesday, April 17, 2024

REC'D & FILED

APR 18, 2024

LEGISLATIVE SVC AGENCY

**ALABAMA DEPARTMENT OF INSURANCE**

**NOTICE OF INTENDED ACTION**

**AGENCY NAME:** Alabama Department of Insurance

**RULE NO. & TITLE:** Chapter 482-1-075 Smoker - Non-Smoker Mortality  
Tables for Use in Determining Minimum Reserve Liabilities  
and Nonforfeiture Benefits

**INTENDED ACTION:** Amend

**SUBSTANCE OF PROPOSED ACTION:**

The Alabama Department of Insurance is exempt from the Alabama Administrative Procedures Act pursuant to Section 41-22-2(e), Code of Alabama 1975. The Commissioner proposes citation updates to align with current state statutes.

**TIME, PLACE AND MANNER OF PRESENTING VIEWS:**

Interested persons may submit data, views, or arguments in writing at any time prior to 3:00 PM on June 6, 2024, to the Alabama Department of Insurance, Attention: Legal Division, Post Office Box 303351, Montgomery, Alabama 36130-3351, or orally by appearing at the public hearing, Suite 502, RSA Tower, 201 Monroe Street, Montgomery, Alabama, beginning at 10:00 AM, on June 11, 2024.

**FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:**

Tuesday, June 11, 2024

**CONTACT PERSON AT AGENCY:**

Erin Dunagan  
Associate Counsel

*Reyn Norman*

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Reyn Norman

(Signature of officer authorized  
to promulgate and adopt  
rules or his or her deputy)

ALABAMA DEPARTMENT OF INSURANCE  
ADMINISTRATIVE CODE

CHAPTER 482-1-075  
SMOKER - NON-SMOKER MORTALITY TABLES FOR USE IN DETERMINING  
MINIMUM RESERVE LIABILITIES AND NONFORFEITURE BENEFITS

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482-1-075-.01      Authority.

This Rule is promulgated by the Commissioner of Insurance pursuant to ~~Section~~Sections 27-15-70 to 27-15-83, of the Code of Ala. 1975.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §27-15-70 to 27-15-83~~28~~.

**History:** New: November 4, 1985; effective November 15, 1985. Filed for codification in the Alabama Administrative Code by the Department of Insurance on December 16, 2003, pursuant to the Code of Ala. 1975, §27-7-43. Amended: Published ; effective .

**482-1-075-.02****Purpose.**

The purpose of this chapter is to permit 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.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§[27-15-70 to 27-15-83](#).

**History:** New: November 4, 1985; effective November 15, 1985. Filed for codification in the Alabama Administrative Code by the Department of Insurance on December 16, 2003, pursuant to the Code of Ala. 1975, §27-7-43. **Amended:** [Published](#) ; [effective](#) .

**482-1-075-.03****Definitions.**

The following definitions shall apply for purposes of this chapter:

(1) 1980 CSO TABLE, WITH OR WITHOUT TEN-YEAR SELECT MORTALITY FACTOR. The 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.

(2) 1980 CET TABLE. The 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 Nonforfeiture Law for Life Insurance, and referred to in those models as the Commissioners 1980 Extended Term Insurance Table.

(3) 1958 CSO TABLE. The 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.

(4) 1958 CET TABLE. The 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.

(5) SMOKER AND NONSMOKER MORTALITY TABLES. The mortality tables with separate rates of mortality for smokers and nonsmokers derived from the tables defined in ~~A through D~~ (1) through (4) of this rule 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.

(6) COMPOSITE MORTALITY TABLES. The mortality tables defined in ~~A through D~~ (1) through (4) of this rule as they were originally published with rates of mortality that do not distinguish between smokers and nonsmokers.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-15-70 to 27-15-83.

**History:** New: November 4, 1985; effective November 15, 1985. Filed for codification in the Alabama Administrative Code by the Department of Insurance on December 16, 2003, pursuant to the Code of Ala. 1975, §27-7-43. Amended: Published ; effective .

#### **482-1-075-.04      Alternate Tables.**

(1) For any policy of insurance delivered or issued for delivery in this state after the operative date of Section 27-15-~~28(j)~~ (11)78(k) for that policy form and before January 1, 1989, at the option of the company and subject to the conditions stated in Rule 482-1-075-.05 of this chapter,

(a) 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

(b) 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.

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.

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.

(2) For any policy of insurance delivered or issued for delivery in this state after the operative date of Section 27-15-~~28(j)~~ ~~(11)~~78(k) for that policy form, at the option of the company and subject to the conditions stated in Rule 482-1-075-.05 of this chapter,

(a) 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

(b) 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.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-15-70 to 27-15-83.

**History:** New: November 4, 1985; effective November 15, 1985. Filed for codification in the Alabama Administrative Code by the Department of Insurance on December 16, 2003, pursuant to the Code of Ala. 1975, §27-7-43. **Amended:** Published ; effective .

#### **482-1-075-.05            Conditions.**

For each plan of insurance with separate rates for smokers and nonsmokers an insurer may

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

(b) use smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by Section 27-36A-12-7(i) 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 smoker and nonsmoker mortality to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-15-70 to 27-15-83.

**History:** New: November 4, 1985; effective November 15, 1985. Filed for codification in the Alabama Administrative Code by the Department of Insurance on December 16, 2003, pursuant to the Code of Ala. 1975, §27-7-43. Amended: Published ; effective.

#### **482-1-075-.06            Separability.**

If any provision of this chapter or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the chapter and the application of such provision to other persons or circumstances shall not be affected thereby.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-15-70 to 27-15-83.

**History:** New: November 4, 1985; effective November 15, 1985. Filed for codification in the Alabama Administrative Code by the Department of Insurance on December 16, 2003, pursuant to the Code of Ala. 1975, §27-7-43. Amended: Published ; effective.

#### **482-1-075-.07            Effective Date.**

The effective date of this chapter is November 15, 1985.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-15-70 to 27-15-83.

**History:** New: November 4, 1985; effective November 15, 1985. Filed for codification in the Alabama Administrative Code by the Department of Insurance on December 16, 2003, pursuant to the Code of Ala. 1975, §27-7-43. Amended: Published ; effective.