

APA-1

TRANSMITTAL SHEET FOR NOTICE OF INTENDED ACTION

Control: 482
Department or Agency: Alabama Department of Insurance
Rule No.: Chapter 482-1-130
Rule Title: Recognition of the 2001 CSO Mortality Table 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? No

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

REC'D & FILED

APR 18, 2024

Date

Wednesday, April 17, 2024

LEGISLATIVE SVC AGENCY

**ALABAMA DEPARTMENT OF INSURANCE**

**NOTICE OF INTENDED ACTION**

**AGENCY NAME:** Alabama Department of Insurance

**RULE NO. & TITLE:** Chapter 482-1-130 Recognition of the 2001 CSO  
Mortality Table 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 482-1-130  
RECOGNITION OF THE 2001 CSO MORTALITY TABLE FOR USE IN  
DETERMINING MINIMUM RESERVE LIABILITIES AND NONFORFEITURE  
BENEFITS

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482-1-130-.01      Authority.

This chapter is adopted pursuant to Sections 27-2-17, 27-15-[70 to 27-15-83](#), 27-15-28.1, and 27-36A-[1 to 27-36A-20](#), Code of Ala. 1975.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-15-[70 to 27-15-83](#), 27-15-28.1, and 27-36A-[1 to 27-36A-20](#).

**History: New Rule:** December 1, 2003; effective January 1, 2004. Filed with LRS November 15, 2003. Rule is not subject to the Alabama Administrative Procedure Act. **Amended:** [Published](#) ; effective .

482-1-130-.02      Purpose.

The purpose of this chapter is to recognize, permit, and prescribe the use of the 2001 Commissioners Standard Ordinary (CSO) Mortality Table in accordance with Sections 27-15-[70 to 27-15-83](#), 27-15-28.1, and 27-36A-[1 to 27-36A-20](#), ~~28, 27-15-28.1, and 27-36-7,~~ Code of Ala. 1975, and Chapter 482-1-120.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-15-[70 to 27-15-83](#), 27-15-28.1, and 27-36A-[20](#)~~28, 27-15-28.1, 27-36-7.~~

**History: New Rule:** December 1, 2003; effective January 1, 2004. Filed with LRS November 15, 2003. Rule is not subject to the Alabama Administrative Procedure Act. Amended: Published  
; effective .

**482-1-130-.03            Definitions.**

For purposes of this chapter, the following definitions apply:

(a) 2001 CSO MORTALITY TABLE. The 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.

(b) 2001 CSO MORTALITY TABLE (F). The mortality table consisting of the rates of mortality for female lives from the 2001 CSO Mortality Table.

(c) 2001 CSO MORTALITY TABLE (M). The mortality table consisting of the rates of mortality for male lives from the 2001 CSO Mortality Table.

(d) COMPOSITE MORTALITY TABLES. The mortality tables with rates of mortality that do not distinguish between smokers and nonsmokers.

(e) SMOKER AND NONSMOKER MORTALITY TABLES. The mortality tables with separate rates of mortality for smokers and nonsmokers.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-15-70 to 27-15-83, 27-15-28.1, and 27-36A-1 to 27-36A-20.

**History: New Rule:** December 1, 2003; effective January 1, 2004. Filed with LRS November 15, 2003. Rule is not subject to the Alabama Administrative Procedure Act. Amended: Published  
; effective .

**482-1-130-.04****2001 CSO Mortality Table.**

(1) At the election of the company for any one or more specified plans of insurance and subject to the conditions stated in this chapter, the 2001 CSO Mortality Table may be used as the minimum standard for policies issued on or after January 1, 2004, and before the date specified in Paragraph (2) to which Sections 27-15-70 to 27-15-83, 27-15-28.1 and 27-36A-1 to 27-36A-20, ~~28, 27-15-28.1, and 27-36-7,~~ Code of Ala. 1975, and Chapter 482-1-120 are applicable. If the company elects to use the 2001 CSO Mortality Table, it shall do so for both valuation and nonforfeiture purposes.

(2) Subject to the conditions stated in this chapter, the 2001 CSO Mortality Table shall be used in determining minimum standards for policies issued on and after January 1, 2009, to which Sections 27-15-70, to 27-15-83, 27-15-28.1, and 27-36A-1 to 27-36A-20, ~~28, 27-15-28.1, and 27-36-7,~~ Code of Ala. 1975, and Chapter 482-1-120 are applicable.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-15-70 to 27-15-83, 27-15-28.1 and 27-36A-1 to 27-36A-20~~28, 27-15-28.1, 27-36-7.~~

**History: New Rule:** December 1, 2003; effective January 1, 2004. Filed with LRS November 15, 2003. Rule is not subject to the Alabama Administrative Procedure Act. Amended: Published  
\_\_\_\_\_ ; effective \_\_\_\_\_.

**482-1-130-.05****Conditions.**

(1) For each plan of insurance with separate rates for smokers and nonsmokers an insurer may use any of the following:

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

(b) Smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by SectionSections 27-36A-1 to 27-36A-20, Code of Ala. 1975, and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values and amounts of paid-up nonforfeiture benefits.



unmodified select mortality rates if modified select mortality rates are used in the computation of deficiency reserves.

(c) Rule 482-1-120-.05(1): The 2001 CSO Mortality Table is the minimum standard for basic reserves.

(d) Rule 482-1-120-.05(2): The 2001 CSO Mortality Table is the minimum standard for deficiency reserves. If select mortality rates are used, they may be multiplied by X percent for durations in the first segment, subject to the conditions specified in Subparagraph (c) of Paragraph (2) of Rule 482-1-120-.05. In demonstrating compliance with those conditions, the demonstrations may not combine the results of tests that utilize the 1980 CSO Mortality Table with those tests that utilize the 2001 CSO Mortality Table, unless the combination is explicitly required by regulation or necessary to be in compliance with relevant Actuarial Standards of Practice.

(e) Rule 482-1-120-.06(3): The valuation mortality table used in determining the tabular cost of insurance shall be the ultimate mortality rates in the 2001 CSO Mortality Table.

(f) Rule 482-1-120-.06(5) (d): The calculations specified in Paragraph (5) of Rule 482-1-120-.06 shall use the ultimate mortality rates in the 2001 CSO Mortality Table.

(g) Rule 482-1-120-.06(6) (d): The calculations specified in Paragraph (6) of Rule 482-1-120-.06 shall use the ultimate mortality rates in the 2001 CSO Mortality Table.

(h) Rule 482-1-120-.06(7) (b): The calculations specified in Paragraph (7) of Rule 482-1-120-.06 shall use the ultimate mortality rates in the 2001 CSO Mortality Table.

(i) Rule 482-1-120-.07(1) (a) (2): The one-year valuation premium shall be calculated using the ultimate mortality rates in the 2001 CSO Mortality Table.

(2) Nothing in this rule shall be construed to expand the applicability of Chapter 482-1-120 to include life insurance policies exempted under Paragraph (2) of Rule 482-1-120-.03.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-15-70 to 27-15-83, 27-15-28.1, and 27-36A-1 to 27-36A-20.

**History: New Rule:** December 1, 2003; effective January 1, 2004. Filed with LRS November 15, 2003. Rule is not subject to the Alabama Administrative Procedure Act. Amended: Published  
; effective .

**482-1-130-.07****Gender-Blended Tables.**

(1) For any ordinary life insurance policy delivered or issued for delivery in this state on and after January 1, 2004, that utilizes the same premium rates and charges for male and female lives or is issued in circumstances where applicable law does not permit distinctions on the basis of gender, a mortality table that is a blend of the 2001 CSO Mortality Table (M) and the 2001 CSO Mortality Table (F) may, at the option of the company for each plan of insurance, be substituted for the 2001 CSO Mortality Table for use in determining minimum cash surrender values and amounts of paid-up nonforfeiture benefits. No change in minimum valuation standards is implied by this paragraph.

(2) The company must choose from among the blended tables developed by the American Academy of Actuaries CSO Task Force and adopted by the NAIC in December 2002. These blended tables are available from the Alabama Department of Insurance or the internet by accessing [www.ALDOI.gov](http://www.ALDOI.gov).

(3) It shall not, in and of itself, be a violation of Sections 27-12-1, et seq., Code of Ala. 1975, for an insurer to issue the same kind of policy of life insurance on both a sex-distinct and sex-neutral basis.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-15-70 to 27-15-83, 27-15-28.1, and 27-36A-1 to 27-36A-20~~28, 27-15-28.1, 27-36-7.~~

**History: New Rule:** December 1, 2003; effective January 1, 2004. Filed with LRS November 15, 2003. Rule is not subject to the Alabama Administrative Procedure Act. Amended: Published  
; effective.

**482-1-130-.08****Separability.**

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

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-15-70 to 27-15-83, 27-15-28.1, and 27-36A-1 to 27-36A-20.

**History: New Rule:** December 1, 2003; effective January 1, 2004. Filed with LRS November 15, 2003. Rule is not subject to the

Alabama Administrative Procedure Act. Amended: Published  
; effective .

**482-1-130-.09            Effective Date.**

This chapter shall become effective January 1, 2004, upon its approval by the Commissioner of Insurance and upon its having been on file as a public document in the office of the Secretary of State for ten days.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-15-70 to 27-15-83, 27-15-28.1, and 27-36A-1 to 27-36A-20.

**History: New Rule:** December 1, 2003; effective January 1, 2004. Filed with LRS November 15, 2003. Rule is not subject to the Alabama Administrative Procedure Act. Amended: Published  
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