

**CERTIFICATION OF ADMINISTRATIVE RULES  
FILED WITH THE LEGISLATIVE SERVICES AGENCY  
OTHNI LATHRAM, DIRECTOR**

(Pursuant to Code of Alabama 1975, §41-22-6, as amended).

I certify that the attached is/are correct copy/copies of rule/s as promulgated and adopted on Tuesday, June 11, 2024, and filed with the agency secretary on Tuesday, June 11, 2024.

**AGENCY NAME:** Alabama Department of Insurance

**INTENDED ACTION:** Amend

**RULE NO.:** 482-1-091-.14

(If amended rule, give specific paragraph, subparagraphs, etc., being amended) **482-1-091-.14**

**RULE TITLE:** Reserve Standards

**ACTION TAKEN:** State whether the rule was adopted with or without changes from the proposal due to written or oral comments:

**Adopted without changes.** No comments.

NOTICE OF INTENDED ACTION PUBLISHED IN VOLUME XLII, ISSUE NO. 7, AAM,  
DATED TUESDAY, APRIL 30, 2024.

**STATUTORY RULEMAKING AUTHORITY:** Ala. Code § 27-2-17

(Date Filed)  
(For LRS Use Only)

**REC'D & FILED**  
**JUN 12, 2024**  
**LEGISLATIVE SVC AGENCY**

*Reyn Norman*

Reyn Norman

Certifying Officer or his or her  
Deputy

(NOTE: In accordance with §41-22-6(b), as amended, a proposed rule is required to be certified within 90 days after completion of the notice.)

**482-1-091-.14      Reserve Standards.**

(1) (a) When long-term care benefits are provided through the acceleration of benefits under group or individual life policies or riders to such policies, policy reserves for such benefits shall be determined in accordance with Chapter 36A of Title 27, Code of Ala. 1975. Claim reserves must also be established when such a policy or rider is in claim status.

(b) Reserves for policies and riders subject to this Paragraph (1) should be based on the multiple decrement model utilizing all relevant decrements except for voluntary termination rates. Single decrement approximations are acceptable if the calculation produces essentially similar reserves, if the reserve is clearly more conservative, or if the reserve is immaterial. The calculations may include the reduction in life insurance benefits due to the payment of long-term care benefits. However, the reserves for the long-term care benefit and the life insurance benefit may not be less than the reserves for the life insurance benefit assuming no long-term care benefit.

(c) In the development and calculation of reserves for policies and riders subject to this Paragraph (1), due regard shall be given to the applicable policy provisions, marketing methods, administrative procedures, and all other considerations which have an impact on projected claim costs, including, but not limited to, the following:

1. Definition of insured events.
2. Covered long-term care facilities.
3. Existence of home convalescence care coverage.
4. Definition of facilities.
5. Existence or absence of barriers to eligibility.
6. Premium waiver provision.
7. Renewability.
8. Ability to raise premiums.
9. Marketing method.
10. Underwriting procedures.
11. Claims adjustment procedures.
12. Waiting period.
13. Maximum benefit.
14. Availability of eligible facilities.
15. Margins in claim costs.
16. Optional nature of benefit.
17. Delay in eligibility for benefit.
18. Inflation protection provisions.
19. Guaranteed insurability option.

(d) Any applicable valuation morbidity table shall be certified as appropriate as a statutory valuation table by a member of the American Academy of Actuaries.

(2) When long-term care benefits are provided other than as Paragraph (1) of this rule, reserves shall be determined in accordance with Section 27-36-5, Code of Ala. 1975.

**Author:** Reyn Norman, Associate Counsel

**Statutory Authority:** Code of Ala. 1975, §§27-2-17 and 27-19-100 to 27-19-110.

**History: New Rule:** June 14, 1991; effective October 1, 1991.

**Revised:** August 16, 2000; effective January 1, 2001. Filed for codification in the Alabama Administrative Code by the Department of Insurance on January 17, 2003, pursuant to the Code of Ala. 1975, §27-7-43. **Amended:** Published April 30, 2024; effective July 1, 2024.