

Secretary of State
Heber Ladner Building, 401 Mississippi Street
P. O. Box 136, Jackson, MS 39205

ADMINISTRATIVE PROCEDURES FILING NOTICE

Agency Department of Insurance Person to Contact Kimberly Gilmer
Address 501 N. West St., Woolfolk Bldg., 10th Fl Address Post Office Box 79
Jackson, MS 39201 Jackson, MS 39205
Phone 601/359-3569 Transmittal Date May 18, 2004
Copy Attached: Yes No

Name or Number of Rule(s) Regulation No. 2004-1

Terms or Substance of the Actions or Description of the Subject and Issues:

Recognize, permit and prescribe the use of the 2001 Commissioners Standard Ordinary
(CSO) Mortality Table in accordance with Miss. Code Ann. Sections 83-7-23(3)(a)(iii) and
83-7-25 (5-c)(b)(vi).

Printed Name and Title
of Person Authorized to File Rules: Kimberly Gilmer Special Assistant Attorney General
Name Kimberly Gilmer Title
Signature

EMERGENCY RULES	PROPOSED ACTION ON RULES	FINAL ACTION ON RULES
<input type="checkbox"/> Original Filing	Action Proposed:	Action Taken:
<input type="checkbox"/> Renewal of Effectiveness	<input checked="" type="checkbox"/> New Rule(s)	<input checked="" type="checkbox"/> Adopted with No Changes in Text
To Be In Effect _____ Days	<input type="checkbox"/> Amendment to Existing Rule(s)	<input type="checkbox"/> Adopted with Changes
Effective Date:	<input type="checkbox"/> Repeal of Existing Rule(s)	<input type="checkbox"/> Adopted by Reference
<input type="checkbox"/> Immediately on	<input type="checkbox"/> Adoption by Reference	<input type="checkbox"/> Withdrawn
<input type="checkbox"/> Other (Specify):	Proposed Date of Adoption:	Date Action Taken _____
	<input checked="" type="checkbox"/> 30 Days after Filing	Effective Date
	<input type="checkbox"/> Other (Specify):	<input checked="" type="checkbox"/> 30 Days After Filing
		<input type="checkbox"/> Other (Specify):

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	FILED MAY 18 2004 MISSISSIPPI SECRETARY OF STATE	FILED JUN 22 2004 MISSISSIPPI SECRETARY OF STATE

Accepted for filing by _____ Accepted for filing by [Signature] Accepted for filing by [Signature]

**STATE OF MISSISSIPPI
OFFICE OF THE COMMISSIONER OF INSURANCE**

IN THE MATTER OF :

**RECOGNITION OF THE 2001 CSO MORTALITY TABLE
FOR USE IN DETERMINING MINIMUM RESERVES
LIABILITIES AND NONFORFEITURE BENEFITS**

CASE NO.: 04-4824

ORDER

THIS CAUSE came on for hearing to consider the adoption of Mississippi Insurance Department Regulation No. 2004-1, entitled "Recognition of the 2001 CSO Mortality Table for Use in Determining Minimum Reserves Liabilities and Nonforfeiture Benefits", and the Commissioner of Insurance having held a public hearing and heard the comments of all interested parties and the evidence produced by such parties involved and after receiving and considering submitted written comments, finds as follows, to-wit:

I.

That on or about May 18, 2004, the Commissioner of Insurance for the State of Mississippi, or his duly appointed representative, pursuant to the provisions of Miss. Code Ann. § 25-43-7(1)(Supp. 2003), filed with the Secretary of State of the State of Mississippi that said Commissioner of Insurance, or his duly designated representative, would hold a public hearing on Monday, June 21, 2004, at 9:30 a.m., in the South Conference Room, Room 902, 9th Floor, Woolfolk State Building, 501 North West Street, Jackson, Hinds County, Mississippi, to afford all interested persons the opportunity to submit testimony and evidence and to give opinions, make comments, suggestions or objections concerning Regulation 2004-1.

II.

That the Commissioner of Insurance, or his duly appointed representative, pursuant to the provisions of Miss. Code Ann. § 25-43-7(1)(Supp. 2003), mailed postage prepaid, copies of an Administrative Procedures Filing Notice and Notice of Hearing to all persons who had made a timely request to the Mississippi Insurance Department for advance notice of said Department's rule making proceedings.

III.

That pursuant to said Notice of Hearing, a public hearing was held before the Commissioner of Insurance of the State of Mississippi, or his duly appointed representative, on June 21, 2004, at 9:30 a.m., in the South Conference Room, Room 902, 9th Floor, Woolfolk State Building, 501 North West Street, Jackson, Hinds County, Mississippi, in which all interested parties were given an opportunity to present their views, opinions, suggestions, comments or objections relative to Regulation 2004-1.

IV.

That the Commissioner of Insurance, after having considered all relevant evidence, is of the opinion that it will be in the public interest to adopt the amended Mississippi Insurance Department Regulation 2004-1 entitled, "Recognition of the 2001 CSO Mortality Table for Use in Determining Minimum Reserve Liabilities and Nonforfeiture Benefits ", a copy of which is attached hereto marked Exhibit "A", and made a part hereof as if fully copied herein in words, lines and figures, should be and is hereby **ADOPTED** with an effective date of thirty (30) days after the date of filing with the Secretary of State of the State of Mississippi.

V.

IT IS, THEREFORE, ORDERED, that any interested person or party who feels that he or

she will be adversely affected by this Order shall have ten (10) days from the date of this Order in which such adversely affected party may file with the Commissioner of Insurance a written statement outlining how such person will be adversely affected and their reasons for review of the Order.

SO ORDERED this the 21st day of June, 2004.



GEORGE DALE
COMMISSIONER OF INSURANCE
STATE OF MISSISSIPPI

State of Mississippi



Jackson

I, GEORGE DALE, **COMMISSIONER of INSURANCE**, OF THE STATE OF
MISSISSIPPI, DO HEREBY CERTIFY THAT

attached is a true and correct copy of Regulation No. 2004-1 entitled "Recognition of the 2001 CSO Mortality Table for use in Determining Minimum Reserve Liabilities and Nonforfeiture Benefits".

Given under my hand and seal of office, this the 22nd day of
June 2004

COMMISSIONER of INSURANCE

By George Dale

GEORGE DALE
COMMISSIONER OF INSURANCE

**MISSISSIPPI DEPARTMENT OF INSURANCE
REGULATION 2004-1**

**RECOGNITION OF THE 2001 CSO MORTALITY TABLE
FOR USE IN DETERMINING MINIMUM RESERVE LIABILITIES
AND NONFORFEITURE BENEFITS**

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Section 1: Authority

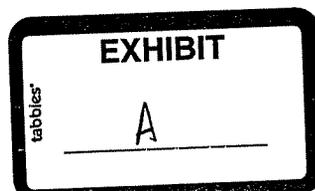
This regulation is promulgated by the Commissioner of Insurance pursuant to the authority granted to him in Miss. Code Ann. § 83-7-23(Rev. 1999) and § 83-7-25 (Rev. 1999); as well as the provisions of the Mississippi Department of Insurance Regulation No. 88-101, said regulation being the Rules of Practice and Procedures before the Mississippi Insurance Department.

Section 2: Purpose

The purpose of this regulation is to recognize, permit and prescribe the use of the 2001 Commissioners Standard Ordinary (CSO) Mortality Table in accordance with Miss. Code Ann. §§ 83-7-23(3)(a)(iii) and 83-37-25(5-c)(h)(vi).

Section 3: Definitions

- A. "2001 CSO Mortality Table" means that 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)" means that mortality table consisting of the rates of mortality for female lives from the 2001 CSO Mortality Table.
- C. "2001 CSO Mortality Table (M)" means that mortality table consisting of the rates of mortality for male lives from the 2001 CSO Mortality Table.
- D. "Composite mortality tables" means mortality tables with rates of mortality that do not distinguish between smokers and nonsmokers.
- E. "Smoker and nonsmoker mortality tables" means mortality tables with separate rates of mortality for smokers and nonsmokers.

Section 4: 2001 CSO Mortality Table

- A. At the election of the company for any one or more specified plans of insurance and subject to the conditions stated in this regulation, the 2001 CSO Mortality Table may be used as the minimum standard for policies issued on or after August 1, 2004, and before the date specified in Subsection B to which Miss. Code Ann. §§ 83-7-23 and 83-7-25 are applicable. If the company elects to use the 2001 CSO Mortality Table, it shall do so for both valuation and nonforfeiture purposes.
- B. Subject to the conditions stated in this regulation, the 2001 CSO Mortality Table shall be used in determining minimum standards for policies issued on and after January 1, 2009, to which Miss. Code Ann. §§ 83-7-23 and 83-7-25 are applicable.

Section 5: Conditions

- A. For each plan of insurance with separate rates for smokers and nonsmokers an insurer may use:
 - (1) Composite mortality tables to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits;
 - (2) Smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by Miss. Code Ann. § 83-7-23 and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values and amounts of paid-up nonforfeiture benefits; or
 - (3) Smoker and nonsmoker mortality to determine minimum reserve liabilities

and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

- B. For plans of insurance without separate rates for smokers and nonsmokers the composite mortality tables shall be used.
- C. For the purpose of determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits, the 2001 CSO Mortality Table may, at the option of the company for each plan of insurance, be used in its ultimate or select and ultimate form.
- D. When the 2001 CSO Mortality Table is the minimum reserve standard for any plan for a company, there shall be included on or attached to Page 1 of the annual statement for each year beginning with the year in which this regulation becomes effective the statement of an appointed actuary, entitled "Statement of Actuarial Opinion," setting forth an opinion relating to reserves and related actuarial items held in support of policies and contracts. The Commissioner may exempt a company from this requirement if it only does business in this state and in no other state.

Section 6: Gender-Blended Tables

- A. For any ordinary life insurance policy delivered or issued for delivery in this state on and after August 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 subsection of the regulation.
- B. The company may choose from among the blended tables developed by the American Academy of Actuaries CSO Task Force and adopted by the NAIC in December 2002.
- C. It shall not, in and of itself, be a violation of Miss. Code Ann. § 83-5-35 (Supp. 2003) for an insurer to issue the same kind of policy of life insurance on both a sex-distinct and sex-neutral basis.

Section 7: Separability

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

Section 8: Effective Date

The effective date of this regulation is August 1, 2004.