

**NAIC MODEL RULE (REGULATION) PERMITTING SMOKER/NONSMOKER  
MORTALITY TABLES FOR USE IN DETERMINING MINIMUM RESERVE LIABILITIES  
AND NONFORFEITURE BENEFITS**

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**Section 1. Authority**

This rule is promulgated by the Commissioner of Insurance pursuant to Section [insert applicable reference to the Standard Nonforfeiture Law for Life Insurance] of the [insert state] Insurance Laws.

**Section 2. Purpose**

The purpose of the rule 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.

**Section 3. Definitions**

- A. As used in this rule, “1980 CSO Table, with or without Ten-Year Select Mortality Factor” means that 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.
- B. As used in this rule, “1980 CET Table means that 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.
- C. As used in this rule, “1958 CSO Table” means that 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.
- D. As used in this rule, “1958 CET Table” means that 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.
- E. As used in this rule, the phrase “smoker and nonsmoker mortality tables” refers to the mortality tables with separate rates of mortality for smokers and nonsmokers derived from the tables defined in A through D of this section which were developed by the Society of Actuaries Task Force on Smoker/Nonsmoker Mortality and the California Insurance Department staff and recommended by the NAIC Technical Staff Actuarial Group.

- F. As used in this rule, the phrase “composite mortality tables” refers to the mortality tables defined in A through D of this section as they were originally published with rates of mortality that do not distinguish between smokers and nonsmokers.

**Note:** See 1984 *Proceedings of the NAIC*, Vol. I, pages 402-413 for tables.

#### **Section 4. Alternate Tables**

- A. For any policy of insurance delivered or issued for delivery in this state after the operative date of Section [insert applicable reference corresponding to 5cK of the NAIC Model Standard Nonforfeiture Law for Life Insurance] for that policy form and before January 1, 1989, at the option of the company and subject to the conditions stated in Section 5 of this rule,

- (1) 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
- (2) 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 (6) 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.

- B. For any policy of insurance delivered or issued for delivery in this state after the operative date of Section [insert applicable reference corresponding to 5cK of the NAIC Model Standard Nonforfeiture Law for Life Insurance] for that policy form, at the option of the company and subject to the conditions stated in Section 5 of this rule,

- (1) 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
- (2) 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.

#### **Section 5. 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 [insert applicable reference corresponding to Section 7 of the NAIC Model Standard Valuation Law] 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.

**Section 6. Separability**

If any provision of this rule or the application thereof 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 thereby.

**Section 7. Effective Date**

The effective date of this rule is January 1, 1984.

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*Chronological Summary of Actions (all references are to the Proceedings of the NAIC).*

*1984 Proc. 16, 31, 376, 458-460 (adopted).*

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**This chart is intended to provide readers with additional information to more easily access state statutes, regulations, bulletins or administrative rulings related to the NAIC model. Such guidance provides readers with a starting point from which they may review how each state has addressed the model and the topic being covered. The NAIC Legal Division has reviewed each state’s activity in this area and has determined whether the citation most appropriately fits in the Model Adoption column or Related State Activity column based on the definitions listed below. The NAIC’s interpretation may or may not be shared by the individual states or by interested readers.**

**This chart does not constitute a formal legal opinion by the NAIC staff on the provisions of state law and should not be relied upon as such. Nor does this state page reflect a determination as to whether a state meets any applicable accreditation standards. Every effort has been made to provide correct and accurate summaries to assist readers in locating useful information. Readers should consult state law for further details and for the most current information.**

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**KEY:**

**MODEL ADOPTION:** States that have citations identified in this column adopted the most recent version of the NAIC model in a **substantially similar manner**. This requires states to adopt the model in its entirety but does allow for variations in style and format. States that have adopted portions of the current NAIC model will be included in this column with an explanatory note.

**RELATED STATE ACTIVITY:** Examples of Related State Activity include but are not limited to: older versions of the NAIC model, statutes or regulations addressing the same subject matter, or other administrative guidance such as bulletins and notices. States that have citations identified in this column **only** (and nothing listed in the Model Adoption column) have **not** adopted the most recent version of the NAIC model in a **substantially similar manner**.

**NO CURRENT ACTIVITY:** No state activity on the topic as of the date of the most recent update. This includes states that have repealed legislation as well as states that have never adopted legislation.

NAIC MEMBER	MODEL ADOPTION	RELATED STATE ACTIVITY
Alabama	ALA. ADMIN. CODE r. 482-1-075 (1985/2003).	
Alaska	NO CURRENT ACTIVITY	
American Samoa	NO CURRENT ACTIVITY	
Arizona	ARIZ. INS. DEPT. ORDER, DOCKET NO. 5876 (1985).	
Arkansas	ARK. CODE R. § 39 (1986).	
California	BULLETIN 85-14 (1985) (adopted by reference).	BULLETIN 88-4 (1988).
Colorado	3 COLO. CODE REGS. § 4-1-6 (1985/2010).	
Connecticut	CONN. AGENCIES REGS. §§ 38a-78-17 to 38a-78-20 (1992).	
Delaware	18 DEL. CODE REGS. § 1207 (1984/2003).	
District of Columbia	NO CURRENT ACTIVITY	

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NAIC MEMBER	MODEL ADOPTION	RELATED STATE ACTIVITY
Florida		FLA. STAT. § 627.476 (1959/1997).
Georgia	NO CURRENT ACTIVITY	
Guam	NO CURRENT ACTIVITY	
Hawaii	NO CURRENT ACTIVITY	
Idaho	IDAHO ADMIN. CODE 57.18.01.57 (1989/1993).	
Illinois	ILL ADMIN. CODE. tit. 50, § 934 (1985).	
Indiana	760 IND. ADMIN. CODE 1-36 (1985/2013).	
Iowa	IOWA ADMIN. CODE r. 191-44.1 to 191-44.6 (1987/2004) (use CSO table).	
Kansas	KAN. ADMIN. REGS. § 40-2-17 (1986) (Adopted by reference).	
Kentucky	806 KY. ADMIN. REGS. 6:060 (1984/2005).	
Louisiana	NO CURRENT ACTIVITY	
Maine	ME. CODE R. § 340 (1984/2004).	
Maryland	NO CURRENT ACTIVITY	
Massachusetts	211 MASS. CODE REGS. §§ 32.01 to 32.08 (1985/1996).	
Michigan	MICH. ADMIN. CODE r. 500.1281 to 500.1285 (1986).	
Minnesota	MINN. STAT. § 61A.255 (1984) (adopted by reference).	



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<b>NAIC MEMBER</b>	<b>MODEL ADOPTION</b>	<b>RELATED STATE ACTIVITY</b>
Mississippi	84 MISS. CODE R. § 104 (1984).	
Missouri	MO. CODE REGS. ANN. tit. 20, § 400-1.120 (1986/1988).	
Montana	NO CURRENT ACTIVITY	
Nebraska	NO CURRENT ACTIVITY	
Nevada	NO CURRENT ACTIVITY	
New Hampshire	NO CURRENT ACTIVITY	
New Jersey	N.J. ADMIN. CODE §§ 11:4-24.1 to 11:4-24.5 (1985/2001).	BULLETIN 2012-8 (2012).
New Mexico	N.M. CODE R. §§ 9.10.1 to 9.10.9 (1985/1997).	
New York	N.Y. COMP. CODES R. & REGS. tit. 11, §§ 57.1 to 57.4 and Appendix 21 (1984/2013) Regulation 113.	
North Carolina	NO CURRENT ACTIVITY	
North Dakota	N.D. ADMIN. CODE 45-04-06 (1985).	
Northern Marianas	NO CURRENT ACTIVITY	
Ohio	OHIO. ADMIN. CODE 390:6-10.1 (2008).	
Oklahoma	OKLA. ADMIN. CODE §§ 365:10-7-1 to 365:10-7-4 (1985/2002).	
Oregon	OR. ADMIN. R. 836-51-115 (1985) (adopted by reference).	
Pennsylvania	31 PA. CODE §§ 84.5 to 84.6 (1986/1988).	

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<b>NAIC MEMBER</b>	<b>MODEL ADOPTION</b>	<b>RELATED STATE ACTIVITY</b>
Puerto Rico	NO CURRENT ACTIVITY	
Rhode Island	NO CURRENT ACTIVITY	
South Carolina	S.C. CODE ANN. REGS. 69-38 (1985).	
South Dakota	NO CURRENT ACTIVITY	
Tennessee	TENN. COMP. R. & REGS. 0780-1-52-.02 (1985/2004).	
Texas	3 TEX. ADMIN. CODE § 1401 to 1406 (1984/2003) (use 2001 CSO table).	
Utah	UTAH ADMIN. CODE r. 590-94-1 to 590-94-6 (1985/2008).	
Vermont	1-88-4 VT. CODE R. (Part B) (1989/1999).	
Virgin Islands	NO CURRENT ACTIVITY	
Virginia	14 VA. ADMIN. CODE 5-60-10 to 5-60-60 (1987).	
Washington	WASH. ADMIN. CODE 284-74-100 (1987).	
West Virginia	NO CURRENT ACTIVITY	
Wisconsin	WIS. ADMIN. CODE INS. § 2.35 (1988).	
Wyoming	NO CURRENT ACTIVITY	