

**CHAPTER 84. TABLES APPROVED FOR USE IN DETERMINING
MINIMUM NONFORFEITURE STANDARDS AND MINIMUM
STANDARDS FOR VALUATION**

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Authority

The provisions of this Chapter 84 issued under section 301(c)(1) of The Insurance Department Act of 1921 (40 P. S. § 71(c)(1)); and section 410A(e)(8)(F) of The Insurance Company Law of 1921 (40 P. S. § 510.1(e)(8)(F)), unless otherwise noted.

Source

The provisions of this Chapter 84 adopted January 10, 1986, effective immediately and will apply retroactively to January 1, 1985, 16 Pa.B. 133, unless otherwise noted. Immediately preceding text appears at serial page (61008).

§ 84.1. Purpose.

This chapter is to implement section 301(c)(1) of the act (40 P. S. § 71(c)(1)) and section 410A(e)(8)(F) of the law (40 P. S. § 510.1(e)(8)(F)) which authorize the Commissioner to promulgate regulations specifying tables adopted after 1980 by the NAIC for use in determining minimum nonforfeiture standards and minimum standards for valuation.

§ 84.2. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

Act—The Insurance Department Act of 1921 (40 P. S. §§ 1—321).

Annuity 2000 Mortality Table—The mortality table developed by the Society of Actuaries Committee on Life Insurance Research and shown on page 240 of Volume XLVII of the *Transactions of the Society of Actuaries* (1995) and adopted as a recognized mortality table for annuities in December 1996 by the NAIC.

Commissioner—The Insurance Commissioner of the Commonwealth.

Department—The Insurance Department of the Commonwealth.

Law—The Insurance Company Law of 1921 (40 P. S. §§ 341—991).

NAIC—The National Association of Insurance Commissioners.

1983 Table "a"—The mortality table developed by the Society of Actuaries Committee to Recommend a New Mortality Basis for Individual Annuity Valuation and adopted as a recognized mortality table for annuities in June 1982 by the NAIC.

1983 GAM Table—The mortality table developed by the Society of Actuaries Committee on Annuities and adopted as a recognized mortality table for annuities in December 1983 by the NAIC.

1994 GAR Table—The mortality table developed by the Society of Actuaries Group Annuity Valuation Table Task Force and shown on pages 866—867 of volume XLVII of the *Transactions of the Society of Actuaries* (1995) and adopted as a recognized mortality table for annuities in December 1996 by the NAIC.

Authority

The provisions of this § 84.2 amended under sections 206, 506, 1501 and 1502 of The Administrative Code of 1929 (71 P. S. §§ 66, 186, 411 and 412); section 301(c)(1) of The Insurance Department Act of 1921 (40 P. S. § 71(c)(1)); and section 410F(e)(8)(F) of The Insurance Company Law (40 P. S. § 510.1(e)(8)(F)).

Source

The provisions of this § 84.2 amended June 25, 1999, effective June 26, 1999, 29 Pa.B. 3208. Immediately preceding text appears at serial pages (132179) to (132180).

§ 84.3. 1983 Table "a," Annuity 2000 Mortality Table, 1983 GAM Table and 1994 GAR Table.

(a) The 1983 Table "a," the Annuity 2000 Mortality Table excluding mortality rates independent of sex, the 1983 GAM Table and the 1994 GAR Table are approved by the Commissioner as annuity mortality tables for valuation.

(b) At the option of the company, the 1983 Table "a" may be used in determining the minimum standard of valuation for an individual annuity or pure endowment contract issued prior to January 1, 1986, and for an annuity or pure endowment purchased prior to January 1, 1986, under a group annuity or pure endowment contract.

(c) The 1983 Table "a," or the Annuity 2000 Mortality Table excluding mortality rates independent of sex shall be used in determining the minimum standard of valuation for an individual annuity or pure endowment contract issued on or after January 1, 1986, and prior to June 26, 1999.

(d) The Annuity 2000 Mortality Table excluding mortality rates independent of sex shall be used, except as provided by subsection (e), in determining the minimum standard of valuation for an individual annuity or pure endowment contract issued on or after June 26, 1999.

(e) The 1983 Table "a" shall be used in determining the minimum standard of valuation for an individual annuity or pure endowment contract issued on or

after June 26, 1999, when the contract is based on life contingencies and is issued to fund periodic benefits arising from:

(1) Settlements of claims pertaining to court settlements or out of court settlements from tort actions.

(2) Settlements of claims, such as worker's compensation claims.

(3) Settlements of long term disability claims when a temporary or life annuity has been used in lieu of continuing disability payments.

(f) At the option of the company, the 1983 GAM Table or the 1994 GAR Table may be used in determining the minimum standard of valuation for an annuity or pure endowment purchased prior to January 1, 1986, under a group annuity or pure endowment contract.

(g) The 1983 GAM Table or the 1994 GAR Table shall be used in determining the minimum standard of valuation for an annuity or pure endowment purchased on or after January 1, 1986, and prior to June 26, 1999, under a group annuity or pure endowment contract.

(h) 1994 GAR Table.

(1) The 1994 GAR Table shall be used in determining the minimum standard of valuation for an annuity or pure endowment purchased on or after June 26, 1999, under a group annuity or pure endowment contract.

(2) In using the 1994 GAR Table, the mortality rate for a person age x in year $(1994 + n)$ shall be calculated as follows:

$$q_x^{1994+n} = q_x^{1994} (1-AA_x)^n$$

where the values of q_x^{1994} and AA_x are as specified in the 1994 GAR Table.

Authority

The provisions of this § 84.3 amended under sections 206, 506, 1501 and 1502 of The Administrative Code of 1929 (71 P. S. §§ 66, 186, 411 and 412); section 301(c)(1) of The Insurance Department Act of 1921 (30 P. S. § 71(c)(1)); and section 410(e)(8)(F) of The Insurance Company Law (40 P. S. § 510.1(e)(8)(F)).

Source

The provisions of this § 84.3 amended June 25, 1999, effective June 26, 1999, 29 Pa.B. 3208. Immediately preceding text appears at serial page (132180).

§ 84.4. [Reserved].

Source

The provisions of this § 84.4 reserved June 23, 1999, effective June 26, 1999, 29 Pa.B. 3208. Immediately preceding text appears at serial page (132180).

§ 84.5. 1980 CSO and 1980 CET Tables, including Smoker and Nonsmoker Tables, with Mortality Rates Independent of Sex.

(a) Tables designated 1980 CSO-A, 1980 CSO-B, 1980 CSO-C, 1980 CSO-D, 1980 CSO-E, 1980 CSO-F, and 1980 CSO-G, with or without Ten-Year

Select Mortality Factors, were adopted as recognized mortality tables for life insurance in December 1983 by the NAIC.

(b) Tables designated 1980 CET-A, 1980 CET-B, 1980 CET-C, 1980 CET-D, 1980 CET-E, 1980 CET-F, and 1980 CET-G, were adopted as recognized mortality tables for life insurance in December 1983 by the NAIC.

(c) The tables mentioned in subsection (a) are approved by the Commissioner for use in determining the minimum nonforfeiture standard for policies of ordinary insurance issued on or after the operative date of section 410A(e) of the law (40 P. S. § 510.1(e)). The tables mentioned in subsection (a) may, at the option of the company, be substituted for the Commissioner's 1980 Standard Ordinary Mortality Table, with or without Ten-Year Select Mortality Factors, under section 410A(e)(8)(F) of the law. They are not approved by the Commissioner for use in determining the minimum standard of valuation for policies.

(d) The tables mentioned in subsection (b) are approved by the Commissioner for use in determining the minimum nonforfeiture standard for policies of ordinary insurance issued on or after the operative date of section 410A(e) of the law. The tables mentioned in subsection (b) may, at the option of the company, be substituted for the Commissioner's 1980 Extended Term Insurance Table under section 410A(e)(8)(F) of the law. If a company elects to use a particular table mentioned in subsection (b) for paid up term insurance with accompanying pure endowment, if any, for a particular policy form, the corresponding table mentioned in subsection (a) shall be used as the minimum nonforfeiture standard for the rest of the same policy form (for example, 1980 CSO-D with 1980 CET-D). These tables are not approved by the Commissioner for use in determining the minimum standard of valuation for the policies.

(e) Tables designated 1980 CSO-SA, 1980 CSO-SB, 1980 CSO-SC, 1980 CSO-SD, 1980 CSO-SE, 1980 CSO-SF, 1980 CSO-SG, 1980 CSO-NA, 1980 CSO-NB, 1980 CSO-NC, 1980 CSO-ND, 1980 CSO-NE, 1980 CSO-NF and 1980 CSO-NG were adopted as recognized mortality tables for life insurance in December 1986 by the NAIC.

(f) Tables designated 1980 CET-SA, 1980 CET-SB, 1980 CET-SC, 1980 CET-SD, 1980 CET-SE, 1980 CET-SF, 1980 CET-SG, 1980 CET-NA, 1980 CET-NB, 1980 CET-NC, 1980 CET-ND, 1980 CET-NE, 1980 CET-NF and 1980 CET-NG were adopted as recognized mortality tables for life insurance in December 1986 by the NAIC.

(g) For a policy form with separate rates for smokers and nonsmokers, the tables mentioned in subsection (e), in addition to the tables mentioned in subsection (a), are approved by the Commissioner for use in determining the minimum nonforfeiture standard for policies of ordinary insurance issued on or after the operative date of section 410A(e) of the law. The tables mentioned in subsections (a) or (e) may, at the option of the company, be substituted for the Commissioner's 1980 Standard Ordinary Mortality Table, with or without Ten-Year Select

Mortality Factors, under section 410A(e)(8)(F) of the law. They are not approved by the Commissioner for use in determining the minimum standard of valuation for policies.

(h) For a policy form with separate rates for smokers and nonsmokers, the tables mentioned in subsection (f), in addition to the tables mentioned in subsection (b), are approved by the Commissioner for use in determining the minimum nonforfeiture standard for policies of ordinary insurance issued on or after the operative date of section 410A(e) of the law. The tables mentioned in subsection (b) or (f) may, at the option of the company, be substituted for the Commissioner's 1980 Extended Term Insurance Table under section 410A(e)(8)(F) of the law. If a company elects to use a particular table mentioned in subsection (b) or (f) for paid up term insurance with accompanying pure endowment, if any, for a particular policy form, the corresponding table mentioned in subsection (a) or (e) shall be used as the minimum nonforfeiture standard for the rest of the same policy form (for example, 1980 CSO-SD with 1980 CET-SD). These tables are not approved by the Commissioner for use in determining the minimum standard of valuation for the policies.

Authority

The provisions of this § 84.5 amended under sections 206, 506, 1501 and 1502 of The Administrative Code of 1929 (71 P. S. §§ 66, 186, 411 and 412); and section 410A(e)(8)(F) of The Insurance Company Law of 1921 (40 P. S. § 510.1(e)(8)(F)).

Source

The provisions of this § 84.5 amended November 11, 1988, effective November 12, 1988, 18 Pa.B. 5072.

§ 84.6. 1980 CSO and 1980 CET Smoker and Nonsmoker Mortality Tables.

(a) The 1980 CSO Smoker and Nonsmoker Mortality Tables, with or without Ten-Year Select Mortality Factors, and the 1980 CET Smoker and Nonsmoker Mortality Tables were adopted as recognized mortality tables for life insurance in December 1983 by the NAIC.

(b) The Commissioners 1980 Standard Ordinary Mortality Table with or without Ten-Year Select Mortality Factors and the Commissioners 1980 Extended Term Insurance Table are tables prescribed for use in determining the minimum nonforfeiture standard and the minimum standard of valuation of certain policies in section 410A of the law (40 P. S. § 510.1) and sections 301 and 303 of the act (40 P. S. §§ 71 and 73).

(c) Subject to the conditions in subsection (d), the tables mentioned in subsection (a) are approved by the Commissioner for use in determining the minimum nonforfeiture standard and the minimum standard of valuation for policies of ordinary insurance issued on or after the operative date of section 410A(e) of the law (40 P. S. § 510.1(e)). In determining the minimum nonforfeiture standard

and the minimum standard of valuation for the policies, and subject to the conditions in subsection (d), the company at its option may make the following substitutions:

(1) The 1980 CSO Smoker and Nonsmoker Mortality Tables, with or without Ten-Year Select Mortality Factors, may be substituted for the Commissioners 1980 Standard Ordinary Mortality Table, with or without Ten-Year Select Mortality Factors.

(2) The 1980 CET Smoker and Nonsmoker Mortality Tables may be substituted for the Commissioners 1980 Extended Term Insurance Table.

(d) For a policy form with separate rates for smokers and nonsmokers, a company may use the tables in one of the following ways:

(1) Those mentioned in subsection (b) to determine the minimum nonforfeiture standard and the minimum standard for valuation.

(2) Those mentioned in subsection (b) to determine the minimum nonforfeiture standard and the minimum reserves required by section 301 of the act (40 P. S. § 71)—without regard to section 303 of the act (40 P. S. § 73)—and those mentioned in subsection (a) as the minimum valuation standard of mortality to determine the minimum reserves required by section 303 of the act (40 P. S. § 73).

(3) Those mentioned in subsection (a) to determine the minimum nonforfeiture standard and the minimum standard of valuation.

Cross References

This section cited in 31 Pa. Code § 84c.3 (relating to definitions).

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