

1 **836-031-0810 (Amended)**

2 **2001 CSO Preferred Class Structure Table**

3 **(1)** At the election of the insurer, for each calendar year of issue, for any one or more specified  
4 plans of insurance and subject to satisfying the conditions stated in OAR 836-031-0800 to 836-  
5 031-0815, the 2001 CSO Preferred Class Structure Mortality Table may be substituted in place  
6 of the 2001 CSO Smoker or Nonsmoker Mortality Table as the minimum valuation standard for  
7 policies issued on or after January 1, 2007. **For policies issued on or after January 1, 2004 (the**  
8 **date of adoption of OAR 836-051-0106, Life Insurance Valuation and Nonforfeiture**  
9 **Standards), and prior to January 1, 2007, the 2001 CSO Preferred Class Structure**  
10 **Mortality Tables may be substituted with the consent of the director and subject to the**  
11 **conditions of OAR 836-031-0815. In determining whether to consent to the substitution, the**  
12 **director may rely on the consent of the Insurance Commissioner of the company's state of**  
13 **domicile.** No such election may be made until the insurer demonstrates at least 20 percent of the  
14 business to be valued on this table is in one or more of the preferred classes. A table from the  
15 2001 CSO Preferred Class Structure Mortality Table used in place of a 2001 CSO Mortality  
16 Table, pursuant to the requirements of OAR 836-031-0800 to 836-031-0815, will be treated as  
17 part of the 2001 CSO Mortality Table only for purposes of reserve valuation pursuant to the  
18 requirements of the NAIC model regulation "Recognition of the 2001 CSO Mortality Table For  
19 Use in Determining Minimum Reserve Liabilities and Nonforfeiture Benefits Model  
20 Regulation."

21 **(2) Tables referenced in this rule are available from the Insurance Division of the**  
22 **Department of Consumer and Business Services.**

23 [ED. NOTE: Tables referenced are available from the agency.]

24 Stat. Auth: ORS 731.244 & 733.306

25 Stats. Implemented: ORS 733.306

26 Hist.: ID 2-2007, f. & cert. ef. 2-12-07

27 **836-031-0815 (Amended)**

28 **Conditions**

29 (1) For each plan of insurance with separate rates for preferred and standard nonsmoker lives, an  
30 insurer may use the super preferred nonsmoker, preferred nonsmoker, and residual standard  
31 nonsmoker tables to substitute for the nonsmoker mortality table found in the 2001 CSO  
32 Mortality Table to determine minimum reserves. At the time of election and annually thereafter,  
33 except for business valued under the residual standard nonsmoker table, the appointed actuary  
34 shall certify that:

35 (a) The present value of death benefits over the next ten years after the valuation date, using the  
36 anticipated mortality experience without recognition of mortality improvement beyond the

1 valuation date for each class, is less than the present value of death benefits using the valuation  
2 basic table corresponding to the valuation table being used for that class;

3 (b) The present value of death benefits over the future life of the contracts, using anticipated  
4 mortality experience without recognition of mortality improvement beyond the valuation date for  
5 each class, is less than the present value of death benefits using the valuation basic table  
6 corresponding to the valuation table being used for that class.

7 (2) For each plan of insurance with separate rates for preferred and standard smoker lives, an  
8 insurer may use the preferred smoker and residual standard smoker tables to substitute for the  
9 smoker mortality table found in the 2001 CSO Mortality Table to determine minimum reserves.  
10 At the time of election and annually thereafter, for business valued under the preferred smoker  
11 table, the appointed actuary shall certify that:

12 (a) The present value of death benefits over the next ten years after the valuation date, using the  
13 anticipated mortality experience without recognition of mortality improvement beyond the  
14 valuation date for each class, is less than the present value of death benefits using the preferred  
15 smoker valuation basic table corresponding to the valuation table being used for that class;

16 (b) The present value of death benefits over the future life of the contracts, using anticipated  
17 mortality experience without recognition of mortality improvement beyond the valuation date for  
18 each class, is less than the present value of death benefits using the preferred smoker valuation  
19 basic table.

20 (3) Unless exempted by the Director, each authorized insurer using the 2001 CSO Preferred  
21 Class structure Table shall annually file with the Director, with the NAIC or with a statistical  
22 agent designated by the NAIC and acceptable to the Director, statistical reports showing  
23 mortality and such other information as the Director may deem necessary or expedient for the  
24 administration of the provisions of OAR 836-031-0800 to 836-031-0815. The form of the reports  
25 shall be established by the Director or the Director may require the use of a form established by  
26 the NAIC or by a statistical agent designated by the NAIC and acceptable to the Director.

27 **(4) (a) The use of the 2001 CSO Preferred Class Structure Table for the valuation of**  
28 **policies issued prior to January 1, 2007 is not permitted in any statutory financial**  
29 **statement in which a company reports, with respect to any policy or portion of a policy**  
30 **coinsured, either of the following:**

31 **(A) In cases where the mode of payment of the reinsurance premium is less frequent than**  
32 **the mode of payment of the policy premium, a reserve credit that exceeds, by more than the**  
33 **amount specified in the paragraph as Y, the gross reserve calculated before reinsurance. Y**  
34 **is the amount of the gross reinsurance premium that:**

35 **(i) Provides coverage for the period from the next policy premium due date to the earlier of**  
36 **the end of the policy year and the next reinsurance premium due date; and**

37 **(ii) Would be refunded to the ceding entity upon the termination of the policy.**

1 **(B) In cases where the mode of payment of the reinsurance premium is more frequent than**  
2 **the mode of payment of the policy premium, a reserve credit that is less than the gross**  
3 **reserve, calculated before reinsurance, by an amount that is less than the amount specified**  
4 **in this paragraph as Z. Z is the amount of the gross reinsurance premium that the ceding**  
5 **entity would need to pay the assuming company to provide reinsurance coverage from the**  
6 **period of the next reinsurance premium due date to the next policy premium due date**  
7 **minus any liability established for the proportionate amount not remitted to the reinsurer.**

8 **(b) A company may estimate and adjust its accounting on an aggregate basis in order to**  
9 **meet the conditions to use the 2001 CSO Preferred Class Structure Table. For purposes of**  
10 **this condition, but the reserve credit and the gross reserve before reinsurance:**

11 **(A) For the mean reserve method defined as the mean reserve minus the deferred premium**  
12 **asset; and**

13 **(B) For the mid-terminal reserve method which includes the unearned premium reserve.**

14 **(5) Tables referenced in this rule are available from the Insurance Division of the**  
15 **Department of Consumer and Business Services.**

16 [ED. NOTE: Tables referenced are available from the agency.]

17 Stat. Auth: ORS 731.244 & 733.306

18 Stats. Implemented: ORS 733.306

19 Hist.: ID 2-2007, f. & cert. ef. 2-12-07