

\$13.00

VALUATION OF LIFE INSURANCE POLICIES

TITLE 114, SERIES 49

(EMERGENCY RULE REPEALING AN EXISTING RULE)

BRIEF SUMMARY OF AMENDMENT

The legislative rule designated Title 114, Series 49 sets forth a method for calculating reserves for certain term life insurance policies (specifically, those guaranteeing premiums for more than five years). The rule is based upon an NAIC (National Association of Insurance Commissioners) model regulation labeled the “Triple-X” regulation. Consequently, the legislative rule here will be referred to simply as “Triple X.”

Triple X requires higher reserves for the policies it covers. Once implemented, the rule would have the following effects.

- In preparing annual statements and any other descriptions of their financial condition, life insurers selling such policies would have to use the new method to calculate their reserve liabilities. See W. Va. Code §§ 33-4-14 (requiring the filing of a “true statement of financial condition”) and 33-7-5(c)(1) (requiring that “in any determination of the financial condition of the insurer,” reserves calculated according to West Virginia law be treated as liabilities). This would be true both of domestic life insurers (i.e., those incorporated in the state of West Virginia) and foreign life insurers (i.e., those domiciled in some other state but issuing policies on the lives of West Virginia residents).
- To obtain an unqualified actuarial opinion, life insurers (again, both domestic and foreign) would have to maintain reserves at the higher levels required by Triple-X. W. Va. Code § 33-7-9(c)(2)(A); 114 CSR 41 §§114-41-6.2.f.C and 114-41-7.2.f.C. In general, an actuarial opinion must accompany each life insurer’s annual statement of financial condition, and must be supplied at such other time as the Commissioner finds it necessary to assess an insurer’s financial condition. W. Va. Code § 33-7-9(c)(1); 114 CSR 41 § 114-41-1.1. Although an insurer maintaining lesser reserves could obtain a qualified opinion (see 114 CSR 41 §§ 114-41-6.2.i and 7.4), the insurer nonetheless would have to increase its reserves afterwards to the higher level. 114 CSR 41 § 114-41-4.5.b.
- When assessing the financial condition of a life insurer, the Insurance Commissioner would recognize a reserve liability at the higher level required by Triple-X. See W. Va. Code § 33-7-5(c)(1). If the insurer has not established reserves at that level, the Commissioner consequently might find that the insurer is impaired or insolvent.

Insurance Commissioner
Title 114, Series 49

- Upon increasing its reserves to the higher levels required by Series 49, a life insurer almost certainly will increase its premiums for policies covered by that rule. Reserves, after all, represent funds that are not available to the insurance company for general use, so that an increase in reserves is tantamount to a reduction of profits.

Triple X does not apply only to those policies covering West Virginia residents. Instead, the rule applies to all policies of the type indicated (i.e., term life insurance with a premium guaranteed for more than five years). Instead, the rule applies to all policies of that type written after the effective date of the rule, regardless of the state of residence of the person whose life is insured under the policy.

For reasons described in detail under "Statement of Circumstances," implementing Triple X in West Virginia before comparable rules have been implemented in other states threatens to destabilize the market for term life insurance policies (and specifically for those policies covered by Triple X) in this state. This emergency rule, therefore, repeals Triple X in its entirety. Once the rule is repealed, reserves for all term life insurance policies will be calculated using the method described in W. Va. Code § 33-7-9. That method was used to calculate such reserves prior to the promulgation of Triple X. Should a significant number of states implement versions of Triple X in the future, an appropriate rule will be promulgated.

VALUATION OF LIFE INSURANCE POLICIES

TITLE 114, SERIES 49

(EMERGENCY RULE TO REPEAL AN EXISTING RULE)

STATEMENT OF CIRCUMSTANCES

The legislative rule designated as Title 114, Series 49 in the Code of State Rules has an effective date of January 1, 1998. (For the reasons given in the "Brief Summary" for this emergency rule, that rule, officially titled "Valuation of Life Insurance Policies," will be referred to here as "Triple X.") As described in detail in the Brief Summary of this legislative rule, implementing Triple X will place a significant burden on many insurers that offer term life insurance. These insurers will be forced to follow a different method to calculate reserves for term life insurance policies (and, because such calculations are done by computer, to develop or purchase new software capable of using that new method); to state these new reserves on all statements of financial condition filed with the Commissioner; and to maintain reserves for the policies at the higher rate called for by the new method. Because this increase in reserves reduces the amount of funds available to the insurer, most if not all insurers will want to raise the premiums for those policies to which the new method applies. To do so, an insurer would have to prepare an application for the new rates and file that application with the Commissioner.

Were this new method required by most other states, insurers would be compelled to make these changes in order to remain in business. If West Virginia requires this method before other states, however, insurers subject to that requirement -- and especially smaller insurers -- well may conclude that it is preferable to cease operating in West Virginia in order to avoid the burdens described above. (See attached letters from term life insurers and trade groups representing such insurers.) The Commissioner has the duty of promoting an adequate market for insurance in this state. Ideally, there should be a number of insurers selling each type of insurance. More insurers means increased competition among insurers, a greater range of choices for consumers, and reduce reliance on any one insurer.

It is important to note that, once Triple X goes into effect, an insurer may not avoid those requirements simply by refusing to write new policies in West Virginia. Instead, the insurer would have to surrender its West Virginia license. Triple X requires that the new reserving method be used for all policies, regardless of their situs, that are written when the rule is in effect. Even an insurer that writes no policies on West Virginia residents must calculate, report and maintain reserves at the higher Triple X level on new policies covering other states' residents. This last requirement is especially serious. To obtain unencumbered funds despite the higher reserves, an insurer would have

to raise its premiums on all new policies. By doing so, the insurer well may cease to be competitive with insurers that offer equivalent policies but are not subject to West Virginia's requirements.
Insurance Commissioner

The danger of implementing Triple X prematurely has been obvious for some time. The rule is based on a model regulation promulgated by the National Association of Insurance Commissioners (NAIC). The drafters of that model regulation anticipated that some form of the model would be adopted in most, if not all, member states simultaneously. (At present, insurance regulators from all fifty states belong to the NAIC.) At the time that West Virginia's Triple X rule was adopted (early in 1997), it appeared that it would be adopted in a significant number of states by January 1, 1998. Since that time, however, other states have hesitated to adopt Triple X rules with definite effective dates. Instead, those other states have chosen to use the following language to specify an effective date.

The applicability date of this [rule] is January 1 of the calendar year immediately following the adoption of substantially similar requirements by states with an aggregate population of at least fifty-one percent (51%) of the total population of the United States of America, according to the most recent General Federal Census.

Because it was first used by the state of Illinois, this language has come to be known as the "Illinois language." While it prevents a Triple X rule from being implemented prematurely, the Illinois language defers implementation for an indefinite period of time -- and by doing so, renders obsolete those rules with definite effective dates.

Further, the NAIC - the group that originally developed and espoused Triple X - is currently considering changes to that model rule. Should those changes be adopted by the NAIC and accepted by a large number of states, Triple X in the form that currently exists in West Virginia may never become widespread.

To avoid implementing Triple X in advance of other states, and by doing so threatening the market for certain term life insurance policies in West Virginia, this emergency repeals Triple X in its entirety. If a significant number of states implement Triple X (either the current version or some newer version developed by the NAIC), the Commissioner will promulgate an appropriate version of the rule.

APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: Valuation of Life Insurance Policies
Title 114, Series 49 (Legislative Rule Repealing Existing Rule)

Type of Rule: ☒ Legislative ☐ Interpretive ☐ Procedural

Agency: Insurance Commissioner

Address: Post Office Box 50540
1124 Smith Street, Greenbrooke Building
Charleston, West Virginia 25305-0540

=====

1. Effect of Proposed Rule

	ANNUAL FISCAL YEAR				
	Increase	Decrease	Current	Next	Thereafter
ESTIMATED TOTAL COST	\$ None				
PERSONAL SERVICES	None				
CURRENT EXPENSE	None				
REPAIRS AND ALTERNATIONS	None				
EQUIPMENT	None				
OTHER	None				

2. Explanation of above estimates:

This rule, which repeals an existing rule designated Title 114, Series 49 in the Code of State Rules, affects the accounting standards used by insurers in valuing life insurance policies and computing related values (such as reserves associated with such policies) when preparing financial statements for submission to the Insurance Commissioner. The frequency, timing and contents of the statements (and consequently, the time and effort required for an insurer to prepare them or for the Commissioner's staff to review them) is not altered significantly.

3. Objectives of these rules:

The objective of this rule is to repeal in its entirety the rule designated Title 114, Series 49 in the Code of State Rules. That action is necessary to prevent that rule being implemented in West Virginia before it has been implemented in a significant number of other states. As described in detail in the "Statement of Circumstances" for this rule, premature implementation threatens to disrupt the market for term insurance in West Virginia.

4. Explanation of Overall Economic Impact of Proposed Rule.

A. Economic Impact on State Government.

None. See answer to question 2.

B. Economic Impact on Political Subdivisions; Specific Industries; Specific groups of Citizens.

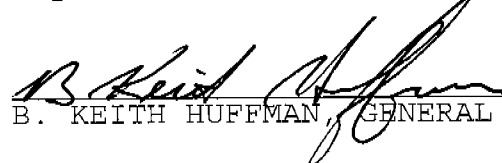
None. See answer to question 2.

C. Economic Impact on Citizens/Public at Large.

None. The rule does not apply to and has no direct impact upon the public at large.

Date: 7/29/98

Signature of Agency Head or Authorized Representative


B. KEITH HUFFMAN, GENERAL COUNSEL

DATE: JULY 24, 1998

TO: LEGISLATIVE RULE-MAKING REVIEW COMMITTEE

FROM: INSURANCE COMMISSION

EMERGENCY RULE TITLE: VALUATION OF LIFE INSURANCE POLICIES

1. Date of Filing July 30, 1998
2. Statutory authority for promulgating emergency rule:
W.Va. Code § 33-2-10
3. Date of filing of proposed legislative rule: July 30, 1998
4. Does the emergency rule adopt new language or does it amend or appeal a current legislative rule?
Repeals a current legislative rule.
5. Has the same or similar emergency rule previously been filed and expired?
No.
6. State, with particularity, those facts and circumstances which make the emergency rule necessary for the immediate preservation of public peace, health, safety or welfare.
As stated in "Statement of Circumstances" (copy attached)

7. If the emergency rule was promulgated in order to comply with a time limit established by the Code or federal statute or regulation, cite the Code provision, federal statute or regulation and time limit established therein.

N/A

8. State, with particularity, those facts and circumstances which make the emergency rule necessary to prevent substantial harm to the public interest.

As stated in "Statement of Circumstances" (copy attached)



TRANSAMERICA
OCCIDENTAL LIFE

November 13, 1997

JAMES M. JACKSON
Vice President and
Deputy General Counsel

Transamerica Occidental
Life Insurance Company
Transamerica Center
1150 South Olive
Los Angeles, CA 90015-2211
(213) 742-5085

The Honorable Hanley C. Clark
Commissioner of Insurance
State of West Virginia
1124 Smith Street
Charleston, West Virginia 25305

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NOV 20 1997

WEST VIRGINIA
INSURANCE COMMISSION

RECEIVED

NOV 20 1997

Re: Valuation of life policies

LEGAL DIVISION

Dear Commissioner Clark:

W. VA. INS. DEPT.

Copied to
Hc
DW
RP
JH

Transamerica's Life Insurance Companies have been following with great interest the developments regarding the so-called Regulation XXX which was promulgated some time ago by the NAIC. This regulation, as adopted by your state, has an effective date of January 1, 1998. Although we do not oppose implementation of this regulation, we are very concerned that it have a roughly uniform starting date for all states. If it does not, certain companies will be advantaged and certain other companies will be disadvantaged, depending on their market area and concentration.

Although it appears Wisconsin is tentatively adopting a 1-1-99 effective date, many of us are urging them to reconsider and adopt at least a 1-1-2000 effective date, if not a "51%" effective date, which would delay effectiveness until states representing at least 51% of the population in the United States adopt the regulation.

New York has adopted a similar type of regulation, but few companies are licensed to write in New York and all other states.

We strongly urge you to adjust the effective date of your regulation (Title 114, Series 49 of the West Virginia Rules) to match a date consistent with other states, that is, when states representing 51% of the U.S. population adopt the rule. Any effective date earlier than January 1, 2000, will create serious competitive disruptions for no obvious regulatory advantage.

Thank you for considering this request. If we can be of any assistance, please let me know.

Yours truly,

A Transamerica Life Company



NATIONAL ALLIANCE OF LIFE COMPANIES

An Association of Life and Health Insurance Companies

November 11, 1997

Honorable Hanley C. Clark
Insurance Commissioner
State of West Virginia
P.O. Box 50540
Charleston, WV 25505-0540

Re: Regulation XXX

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WEST VIRGINIA
INSURANCE COMMISSION

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NOV 18 1997

LEGAL DIVISION
W. VA. INS. DEPT.

Dear Commissioner Clark:

The National Alliance of Life Companies (NALC) has been involved in discussions throughout the United States concerning the implementation of Regulation XXX. Specifically, we have testified in favor of the addition of the Illinois caveat requiring the adoption of the Regulation by states representing 51% of the population of the United States prior to the Regulation becoming effective in any state.

While we believe that the Regulation is not perfect, we strongly urge the uniform adoption of the Regulation. We believe that this is important so that the consumers in West Virginia and consumers that do business with insurers that write insurance coverage in West Virginia not be penalized by the premature adoption of this very important Regulation in one state. Such an impact is being felt by consumers in New York, which adopted Regulation 147, a regulation very similar to Regulation XXX. Consumers have been forced to leave the State to find affordable coverage. The New York Department has recently revealed that it is considering changing the Regulation as a result of the burden placed on its citizens.

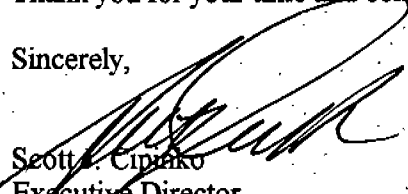
The NALC is composed primarily of smaller insurers that compete with much larger insurers, many of which would like to see Regulation XXX adopted in a sporadic manner in order to force all states to adopt the Regulation as soon as possible. However, smaller insurers will be placed in a very difficult position if the larger companies succeed. This would cause insurers to be unable to compete. The resulting loss of choice cannot benefit the consumer.

We understand that an Emergency Rule is contemplated in order to restore the 51% language into XXX. We urge passage of this provision and would be pleased to assist you and your staff in any way.

I am always available to discuss issue of concern with you and your staff. Please contact me if I may be of assistance on this or any other matter.

Thank you for your time and consideration. I look forward to seeing you in Seattle in December.

Sincerely,


Scott J. Cipriano
Executive Director



Wanda S. Smith
Senior Vice President
Insurance Chief Compliance Officer and
Government Relations

3120 Breckinridge Boulevard
Duluth, Georgia 30099
(770) 564-6471 Direct
(800) 356-8974
(770) 564-7948 Fax

November 11, 1997

Hanley C. Clark, Insurance Commissioner
State of West Virginia
1124 Smith Street
Charleston, WV 23505-0540

Dear Commissioner Clark:

This will serve as a follow-up to our letter of July 25, 1997, which is attached. I am writing to reiterate our position regarding the passage of the Valuation of Life Insurance Policies Regulation (Title 114, Series 49 of West Virginia Rules, also known as Triple X), effective January 1, 1998.

As previously discussed, we are concerned with the January 1, 1998 effective date of this regulation. We are hopeful that you will be successful in amending the effective date. Other than New York, to the best of our knowledge, West Virginia is the only state that has adopted this regulation with an effective date as early as January 1, 1998.

Primerica Life does not oppose this regulation. We are, however, concerned that a change of this magnitude, which completely revises long-standing methods of reserving for two of the industry's major product lines -- universal life and term insurance, is being made on a state-by-state basis. The NAIC has worked very hard through the years toward uniform accounting and actuarial reporting for insurance companies. This is evidenced by the Statutory codification project which we strongly support. We believe uniform accounting does assist regulators to better monitor company results, and helps companies in that they do not need to prepare different financial statements for different states.

Uniformity in actuarial reserve calculations are even more important based on the wording of the Actuarial Opinion regulations. (Section 114-41-6, subsection 6.2, paragraph f of the West Virginia regulations.) This part requires that reserves on all policies of a company meet the requirements of the state of domicile and be at least as great as the minimum aggregate amounts required

Primerica Life Insurance Company
Boston, Massachusetts

Commissioner Hanley C. Clark
November 11, 1997
Page 2

by the state in which the statement is filed. Therefore, all companies licensed in West Virginia with affected products must either comply with your regulation, file a separate annual statement in West Virginia, or withdraw from the state. Consumers in West Virginia could potentially be denied competitive and comparable products than consumers in other states until Triple X is uniformly effective.

To address the issue of uniformity, most of the states which have adopted or are considering the regulation have included a provision that it will not be effective until adopted by states representing at least 51% of the U.S. population. This provision effectively creates uniformity because for all intents and purposes, all companies would be simultaneously impacted. Wisconsin originally adopted the regulation without the 51% rule and with a January 1, 1998 date, but is in the process of revising the rule to mandate a later effective date. New York is not a concern for most companies because they do not write in New York. We strongly support the 51% rule.

Another important consideration, especially for smaller companies, is the timing of the change. This enormous change is right during the time when most of our systems resources are focused on the millennium compliance conversion. Like most financial services firms we are committing most systems resources throughout 1998 to ensure a smooth transition to the new millennium, and the timing for a major change as this is unfortunate.

We are hopeful that you will be successful in amending the regulation to include the 51% rule or provide for a later effective date such as 1/1/2000, and appreciate your attention and understanding of this matter.

Sincerely,



Wanda S. Smith

Attachment

cc: Tim Hrynick
Randall Price
Roy Woodall



Wanda S. Smith
Senior Vice President
Insurance Chief Compliance Officer and
Government Relations

3120 Breckinridge Boulevard
Duluth, Georgia 30199-1000
(770) 381-1000
(770) 279-2752 Fax
(770) 584-6471 Direct

July 25, 1997

Hanley C. Clark, Insurance Commissioner
State of West Virginia
PO Box 50540
Charleston, WV 23505-0540

Dear Commissioner Clark:

Thank you for meeting with Bill Sheppard and me on Tuesday, July 15, 1997, to discuss the impact on Primerica Life if the Valuation of Life Insurance Policies Regulation (Triple X) effective date remains effective 1/1/98 in West Virginia. We greatly appreciated the time you, Randy Price and Tim Hrynich took out of your busy schedules to discuss this issue with us, and thank you for understanding our concerns.

The 1/1/98 effective date of the regulation creates an enormous burden on many insurance companies, particularly smaller ones, which sell term insurance. The reason is that it deviates from uniform accounting and reporting requirements. One of the main missions of the NAIC through the years has been to work toward uniform accounting and actuarial reporting for insurance companies. As you are aware, this is evidenced by such recent activity as the NAIC's codification process. We believe uniform accounting does assist regulators to better monitor company results, and helps companies in that they do not need to prepare different financial statements for different states.

As discussed, the NAIC Model Life Valuation Regulation (Triple X) did not include a uniform effective date. To address the issue of uniformity, most of the 27 states which have adopted or are considering the regulation have included a provision that it will not be effective until adopted by states representing at least 51% of the U.S. population. The advantage of the 51% rule is that, by having the rule effective simultaneously in all states in which a company does business, it is not necessary to file a separate financial statement in those states which have an earlier effective date. Other than West Virginia, only New York and Wisconsin have adopted or are seriously considering the regulation without the 51% rule. However, we believe Wisconsin is considering the regulation with an effective date for as late as January 1, 2000, and New York is not of concern to most companies since they do not do business there.

Hanley C. Clark
July 25, 1997
Page 2

We are hopeful that you will be successful in amending the regulation to add a provision that the regulation will not be effective until adopted by states representing at least 51% of the U.S. population. We stand ready to assist you in any way, and again appreciate your attention to and understanding of this matter.

Please call me toll free at (800) 356-8974 if you would like to discuss this issue further, or if you have any additional questions about our company.

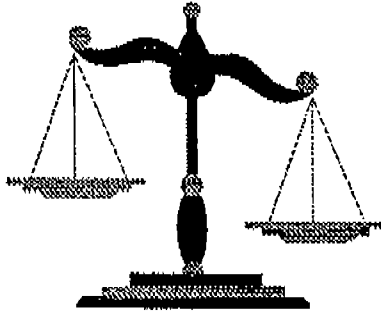
Sincerely,



Wanda S. Smith

cc: Tim Hrynich, WV Department of Insurance
Randall Price, WV Department of Insurance
Bill Sheppard

**PRIMERICA LIFE INSURANCE COMPANY
COMPLIANCE ADMINISTRATION - OFFICE OF THE GENERAL COUNSEL**



RECEIVED

NOV 12 1997

LEGAL DIVISION
W. VA. INS. DEPT.

PHONE: (770) 564-6471

FAX: (770) 564-7948

PRIVILEGED AND CONFIDENTIAL

TO: Tim Hrynick

FROM: Wanda S. Smith

RE: Triple X

DATE: 11/12/97 11:09 AM

FAX#: (304) 558-1361

TOTAL NUMBER PAGES: (Includes header) 5

Comments: FYI - the attached is being overnighted to the Commissioner today. Wanda Smith

COMPULIFE® Software, Inc.

July 17, 1997

Mr. Hanley C. Clark
Commissioner of Insurance
Dept. of Insurance, West Virginia
P.O. Box 50540
Charleston, West Virginia 25305 0540

4248 Ridge Lea Road
Amherst, NY 14226
Tel. (800) 567-8376
Fax (519) 745-8581

*Copied to
HC
DW
Randy
Tom H*

Dear Mr. Clark,

It has been several months since I last wrote to you warning you about the Triple-X regulation. It was my hope that the regulation was being recognized as the anti-consumer mistake that it is. However, there is evidence that some states are moving forward with it. Therefore, I am sharing additional material which will prove what a huge mistake Triple-X really is.

1. Enclosed is a copy of a letter from the Insurance Commissioner's office of Wisconsin to a life company that was filing a new 30 year term policy. L.L. Schlunkert, Insurance Examiner, proves that the Insurance Commission of Wisconsin does not have a clue what is contained in the Triple-X regulation. Contrary to the statements made in the letter, the regulation does not prevent companies from offering this type of product. The letter proves either:

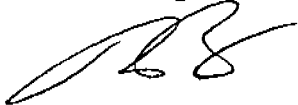
- a) Wisconsin's Insurance Commission doesn't know what it is doing
- b) Wisconsin has accepted the NAIC's fairy tale about this regulation
- c) Wisconsin wants consumers to purchase defective term policies
- d) Wisconsin's Insurance Commission is in the pocket of big life companies

2. Enclosed is a copy of an article I wrote for the May 1997 "small talk" newsletter. The newsletter is published by the Smaller Insurance Company Section Council of the Society of Actuaries. If the Society of Actuaries believes that I have something important to say on this subject, shouldn't you pay attention? Please read my article.

3. Enclosed is a copy of the front cover of a rate card for a new term product which has Triple-X "5 year" guarantees. While some states pass illustration regulations purporting to protect consumers from false promises, life companies continue to tell consumers that they can be trusted not to raise prices for non-guaranteed policies. Have we learned nothing from the vanishing premium debacle? Why would any state pass a regulation that makes non-guaranteed term policies the new standard in the market?

As per my article, I am happy to provide you with a copy of the transcript of the Larry Gorski/Mark Oberhellman, October 1996 debate on Triple-X. You need to see that Mr. Gorski, this regulation's leading advocate, cannot adequately address or respond to the problems that this regulation will create.

Sincerely



Robert L. Barney
President

cc. The Governor of your state, Compulife subscribers



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson
Governor

Josephine W. Musser
Commissioner

121 East Wilson Street
P.O. Box 7873
Madison, Wisconsin 53707-7873
(608) 266-3585
http://badger.state.wi.us/agencies/oci/oci_home.htm

Re: [REDACTED]

Dear [REDACTED]:

We have received your [REDACTED] informational filing of an additional plan (30-year plan) for the captioned previously approved policy.

Wisconsin will be adopting the Valuation of Life Insurance Policies Model Regulation (XXX) effective January 1, 1998. This product will not work in Wisconsin and we are not accepting this filing.

Sincerely,

L. L. Schlinkert
Insurance Examiner
Bureau of Market Regulation

LLS:imk
[REDACTED]

Triple-X, Term Wars—The Sequel

by Robert Barney

Why is it that government regulators always seem to pass laws and regulations that have an impact that is the opposite of what they had originally intended? For example, in the 1960s, governments wanted to create a safety net for those in society who had financial need, so a generous welfare system was established. Years later, instead of the needy being back on their feet, there is a generation of welfare dependents who use the net as a hammock.

Guideline XXX is a similar situation. Government intentions are one thing; the outcome will be quite different. The Valuation of Life Insurance Policies Model Regulation (affectionately dubbed Triple-X) was intended to address the argument that the Standard Valuation Law had a loophole. It is argued that the loophole allows life companies to create products with insufficient reserves, permitting premiums that are too low. The loophole most prominently affects the pricing of level-term policies, and as a result, the Triple-X regulation will have the greatest impact on the reserves and pricing of level-term policies.

To summarize the perceived problem, term price wars are out of control and we may have company insolvencies. The solution: government regulators must close the loophole, thereby strengthening solvency.

To guarantee the premiums of 10-, 15-, and 20-year level-term policies under Triple-X, companies will need to significantly increase the reserves for these products. However, Triple-X comes complete with its very own loophole, permitting companies to circumvent this requirement. Because of this loophole, Triple-X becomes a cure that is much more deadly than the disease. The Triple-X loophole will result in a whole new round of price wars with a dramatic reduction in level-term insurance premiums.

Is that what government regulators expected to happen?

The October 1996 SOA meeting in Orlando featured a debate about the Triple-X regulation. In opposition to the regulation was Mark Oberhellman, product actuary for First Penn-Pacific Life. Arguing in support of the regula-

tion was Larry Gorski, chief life actuary for the State of Illinois. In that debate, Mr. Oberhellman estimated that fully guaranteed 10-year-term premiums would increase from 10% to 30%; 15-year guaranteed premiums would need to increase 20% to 60%; and 20-year guaranteed premiums by as much as 120%. Mr. Gorski did not dispute the estimates, confirming that those were the numbers he had been hearing.

It is quite clear that if the reserves and premiums for 10-, 15-, and 20-year term policies increase by the amounts suggested, life companies will be more solvent, not less solvent. In theory, Triple-X will result in higher premiums and improved solvency, all of which will protect the consumer (even if it does dramatically increase their cost for life insurance). It is a great theory, but none of that will happen.

It is no secret that the vast majority of life companies plan to take full advantage of Triple-X's five-year loophole.

Provided life companies guarantee their 10-, 15-, or 20-year level products for only five years and maintain a contractual right to increase the premium after five years, companies do not have to use the Triple-X reserve methodology. Triple-X will regulate a class of term products that will become extinct courtesy of Triple-X.

Prior to the October 1996 debate, Mr. Gorski had been publicly stating that it could not be predicted how companies would respond to the regulation. The October debate was significant in that Mr. Gorski did agree that the trend toward five-year guarantees would occur. While I was happy to see his agreement with the outcome that I had been concerned about, I was surprised to hear his view that such a product trend could not be blamed on the regulation itself. In response to a question about defective term policies—a term I had coined to describe 10-, 15-, and 20-year level-term policies with five-year guarantees—Mr. Gorski said, "If there are going to be any defective policies, it's because of the insurance industry

and the actuaries who work for the companies. It's not regulation Triple-X, it's the companies and their actuaries who will make policies defective."

It is this failure to take responsibility for the outcome of government action that leads to regulations that have the exact opposite impact of that originally intended.

In the debate, Mr. Oberhellman correctly concluded that Triple-X would not result in an increase in reserves and premiums. What Triple-X would do is shift the risk of pricing error from the company to the consumer. Instead of the life company guaranteeing the premium and accepting the risk, the risk would now be borne by the consumer. If the company needs to (or wants to) raise the premium later, it will be able to do so.

"... term price wars are out of control and we may have company insolvencies. The solution: government regulators must close the loophole, thereby strengthening solvency."

While it is clear that the consumer will be the big loser under these conditions, this same loophole will have another less obvious impact on the term marketplace. It is going to dawn on some life companies (as it already has) that if the risk has been transferred from the company to the consumer, then there is not the same need to be conservative in pricing assumptions. A company can afford to accept more risk in its pricing simply because it is the consumer who inherits the risk. Therefore, courtesy of the Triple-X regulation, we can expect prices for term insurance to fall dramatically and a new round of price wars to begin in the term market.

As I mentioned, some companies have already realized this and have introduced five-year guarantee products that are very competitive. What dampens the impact of these new products on the current market is weak acceptance.

continued on page 4, column 1

Many agents are reluctant to recommend such products given that there is still a wide range of fully guaranteed alternatives for moderately higher prices. As a result, I do not believe that we will see a significant number of these products introduced before Triple-X is implemented. Until a large number of such products are being sold, I anticipate price competition for these products to remain quiet.

However, once Triple-X is implemented, that situation will change quickly. The fully guaranteed versions of these term policies will be considerably more expensive and the cost difference will push agents and consumers toward acceptance of the five-year risk. Life agents will simply get over their concern about the risk to their clients, and their warnings about the significance of the risk will abate.

Once these products become the norm and large numbers are being sold, a new round of price wars will break

because they want to be able to keep their premium cost predictable and affordable. However, should something cause them to quit their level-term policy part way through the level period, there is no cash value for the consumer to transfer to a new policy. As a result, consumers cannot make up for lost money that they have put into their level-term contract.

Let's consider an example. Suppose a 45-year-old (male preferred non-smoker) went to the current term market and purchased a \$500,000, 20-year-term policy for \$860 per year. This particular policy guarantees the level premium for the first five years. Incidentally, in the current market, a fully guaranteed policy can be purchased for \$900 per year, and one would anticipate most agents would encourage consumers to pay the extra \$40. By contrast, agents may not have much luck getting the consumer to pay an extra \$400 to \$1,000 (post Triple-X).

Ten years later we will assume that the company decides to increase the premium of the policy by 50% to \$1,290. Can the company do that?

Absolutely. At age 55, the guaranteed maximum

ART premium for this particular product is \$7,595. There is plenty of room for such an increase, and \$1,290 seems quite moderate compared to \$7,595.

Having received the premium increase notice, the consumer is unhappy with his existing insurer. The consumer decides to look for alternatives. Because there are only 10 more years left in the time period he wants insurance, the logical choice would be to buy a new 10-year-term policy. (This would also cost less than a new 20-year policy.) Assuming today's market, the competitive price of a 10-year-term plan for a 55-year-old would be \$1,245 (another five-year-guarantee product). No matter how you look at it, our consumer is not protected by market competition simply because he has sunk money into his old 20-year-term policy, money that he cannot extract later.

In fact, it is hard to imagine why many life companies would not want to take advantage of a perfectly legitimate opportunity to increase profits. Using this same example, it would be quite

simple to increase the consumer's premium by 33% and argue that the resulting premium is still cheaper than what an alternative policy would cost. Of course that logic assumes the company still wants to be involved in the term market. If the company no longer cares about selling term insurance, nothing stops it from raising the premium to \$1,245 with little fear of losing its existing book of business. If the company no longer cares about keeping that book, it could simply let the premium go to the maximum premium level and watch customers stampede out the door.

While the scenarios I have suggested could be the basis for a week of debates over who would or would not do such a thing, or why you think your company would never do that, I'm sure you share my concern that somewhere, sometime (when we least or most expect it), one or more life companies will do just as I have suggested.

As you know, some consumers have been unhappy with the fact that they did not get the dividends they were promised on whole-life policies that were sold during the 1970s and 1980s. While not every life company ended up being sued, there is no doubt that everyone in the industry (with no exceptions) has paid a price for the negative publicity that this has generated.

Triple-X will do for term insurance what dividends did not do for vanishing-premium whole life. Triple-X will result in premiums that go down, not up. In exchange, companies will have the right to unexpectedly raise prices, bushwhacking consumers, who will be the ultimate losers. A consumer's right to sue, as Mr. Gorski suggested during the debate, should not be a regulator's idea of how a consumer is best protected. Sadly, when all of this does happen, the entire industry will suffer damage and lose as we are once again tarred and feathered through another embarrassing public relations debacle.

Finally, for those who think Triple-X is a dead issue, I suggest that there is more life to the regulation than you may suspect. Mr. Gorski told the October 1996 meeting that a codification regulation is under construction at the NAIC. Apparently this new regulation will

continued on page 11, column 1

"Triple-X will do for term insurance what dividends did not do for vanishing-premium whole life."

out. There will be little fear in dropping the price of 10-, 15-, and 20-year level-term policies simply because mistakes can be fixed later with price increases. Life companies without long-term interest in the term-insurance market will find that they can parachute into that market with low, low premiums at low, low risk to themselves and parachute right back out later.

Insurance regulators who think market competition will protect the consumer do not understand level-term construction. A 20-year-term plan with a level premium of 20 years is a miniature version of the whole-life concept. Compared to yearly term costs, the premium charged for a 20-year plan is higher in the early years, higher than needed to provide the actual insurance coverage. This additional premium permits the company to maintain a level premium later, even though the real cost of the protection is increasing annually.

Consumers have been willing to pay higher premiums for level-term

make the Triple-X regulation, together with many others, "standard equipment" for compliance purposes. While Triple-X has been experiencing serious troubles getting through the front door of many insurance commissions, its supporters are now repositioning it to

go through the back door. The issue is far from dead.

If you would like more information on this subject, feel free to contact me at (800) 567-8376. I will be happy to provide you with a transcript of the October 1996 debate between Mr. Gorski

and Mr. Oberhellman, together with a presentation I am making to insurance commissioners on this subject.

Robert Barney is President of Compulife Software Incorporated in Kitchener, Ontario.

BR - SERIES

BR-10

BR-15

BR-20

*North American's best
term rates with five year
guarantees...backed by a
110 year old company
with a history of never
increasing term rates or
mortality costs on any of
its life products.*

NORTH AMERICAN COMPANY
FOR LIFE AND HEALTH INSURANCE



Since 1886

Please Note:

The front cover of the above rate card is for the BR-Series of term policies first introduced by North American Life at the beginning of 1997. These term policies are among the most competitive in the current market.

Because the initial premiums for the BR-10, 15 and 20 year level term policies are only guaranteed 5 years, nothing prevents the company from dramatically increasing premiums in year 6 and on. Even so, the company is promoting this product to agents (and it can be anticipated that agents will in turn promote this product to consumers) by stressing that the rates are "backed by a 110 year old company with a history of never increasing term rates".

Inside the rate book the company again reinforces this by saying "Throughout its 110 year history, North American has never raised current term rates or mortality costs on any of its life products."

Having made this statement, the company offers no information or explanation about why or how it might raise those rates. Consumers are expected to blindly trust the company promise and it would appear that the company believes it can and should be trusted.

Most life agents, particularly those familiar with the vanishing premium debacle, are clearly skeptical of such promises (North American is not alone in offering these assurances). Further, most life agents are directing their clients to competing products (including those from North American) which fully guarantee the premiums for the first 10, 15 or 20 years. While these products may cost marginally more, the difference is not prohibitive.

However, should Triple-X be adopted, premiums for fully guaranteed products will skyrocket (in some cases more than doubling). Under that scenario the BR type policy will become the standard in the market, unaffected by the increased reserve requirements of Triple-X.

Therefore, *Triple-X will be responsible for 5 year guarantees becoming the norm.* Agents and consumers will be tempted to accept the non-guaranteed assurances such as those offered in this rate card.

Anyone who thinks that this is in the best interest of the consumer should be forced to have the air bags, seat belts, child seats, bumpers and doors removed from their vehicles.

114CRS49
TITLE 114
LEGISLATIVE RULE
INSURANCE COMMISSIONER

WEST VIRGINIA EMERGENCY RULE

SERIES 49

VALUATION OF LIFE INSURANCE POLICIES

~~§114-49-1. General.~~

~~1.1. Scope.~~

~~a. The purpose of this rule is to provide:~~

~~1. Tables of select mortality factors and rules for their use;~~

~~2. Rules concerning a minimum standard for the valuation of plans with nonlevel premiums or benefits; and~~

~~3. Rules concerning a minimum standard for the valuation of plans with secondary guarantees.~~

~~b. The method for calculating basic reserves defined in this rule will constitute the Commissioner's Reserve Valuation Method for policies to which this rule is applicable.~~

~~1.2. Authority. -- This rule is issued under the authority of W.Va. Code §33-2-10.~~

~~1.3. Filing Date. -- May 16, 1997.~~

~~1.4. Effective Date. -- The portions of the rule amended as a result of modifications offered by the Insurance Commissioner and filed with the Secretary of State of August 20, 1996, shall not become effective until January 1, 1998.~~

~~§114-49-2. Applicability.~~

~~2.1. This rule shall apply to all life insurance policies, with or without nonforfeiture values, issued on or after the effective date of this rule, subject to the following exceptions and conditions.~~

~~2.2. Exceptions.~~

~~a. This rule shall not apply to any individual life insurance policy issued on or after the effective date of this rule if the policy is issued in accordance with and as a result of the exercise of a reentry provision contained in the original life insurance policy of the same or greater face amount, issued before~~

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SECRETARY OF STATE

114CRS49
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WEST VIRGINIA EMERGENCY RULE

SERIES 49

VALUATION OF LIFE INSURANCE POLICIES

- ~~§114-49-1.~~ General.
- ~~§114-49-2.~~ Applicability.
- ~~§114-49-3.~~ Definitions.
- ~~§114-49-4.~~ General Calculation Requirements for Basic Reserves and Premium Deficiency Reserves.
- ~~§114-49-5.~~ Calculation of Minimum Valuation Standard for Policies with Guaranteed Nonlevel Premiums or Guaranteed Nonlevel Benefits (Other Than Universal Life Insurance Policies).
- ~~§114-49-6.~~ Calculation of Minimum Valuation Standard for Flexible Premium and Fixed Premium Universal Life Insurance Policies That Contain Provisions Resulting in the Ability of a Policyowner to Keep a Policy in Force Over a Secondary Guarantee Period of More Than Five Years.

~~114CRS49~~
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~~the effective date of this rule, that guarantees the premium rates of the new policy. This rule also shall not apply to subsequent policies issued as a result of the exercise of such a provision, or a derivation of the provision, in the new policy.~~

~~b. This rule shall not apply to any variable life insurance policy that provides for life insurance, the amount or duration of which varies according to the investment experience of any separate account or accounts.~~

~~c. This rule shall not apply to any variable universal life insurance policy that provides for life insurance, the amount or duration of which varies according to the investment experience of any separate account or accounts.~~

~~d. This rule shall not apply to group life insurance certificates unless the certificates provide for a stated or implied schedule of maximum gross premiums required in order to continue coverage in force for a period in excess of one year.~~

~~2.3. Conditions.~~

~~a. Calculation of the minimum valuation standard for policies with guaranteed nonlevel premiums or guaranteed nonlevel benefits (other than universal life insurance policies), or both, shall be in accordance with the provisions of section 5 of this rule.~~

~~b. Calculation of the minimum valuation standard for flexible premium and fixed premium universal life insurance policies that contain provisions resulting in the ability of a policyholder to keep a policy in force over a secondary guarantee period of more than five (5) years shall be in accordance with the provisions of section 6 of this rule.~~

~~§114-49-3. Definitions.~~

~~3.1. "Basic reserves" means reserves calculated in accordance with the principles of W. Va. Code §33-7-9(g).~~

~~3.2. "Contract segmentation method" means the method of dividing the period from issue to mandatory expiration of a policy into successive segments, with the length of each segment being defined as the period from the end of the prior segment (from policy inception, for the first segment) to the end of the latest policy year as determined below. All calculations are made using the 1980 CSO valuation tables, as defined in subsection 3.5 of this rule, (or any other valuation mortality table adopted by the National Association of Insurance Commissioners after the effective date of this rule and promulgated by rule by the commissioner for this purpose), and, if elected, the optional minimum mortality standard for deficiency reserves stipulated in subsection 4.2 of this rule. The length of a particular contract segment shall be set equal to the minimum of the value t for which G_t is greater~~

than R_t (if G_t never exceeds R_t the segment length is deemed to be the number of years from the beginning of the segment to the mandatory expiration date of the policy), where G_t and R_t are defined as follows:

$$G_t = \frac{GP_{x+k+t}}{GP_{x+k+t-1}}$$

where:

x = original issue age;

k = the number of years from the date of issue to the beginning of the segment;

t = 1, 2, ...; t is reset to 1 at the beginning of each segment;

$GP_{x+k+t-1}$ = Guaranteed gross premium per thousand of face amount, ignoring policy fees only if level for the premium paying period of the policy, for year t of the segment.

$$R_t = \frac{q_{x+k+t}}{q_{x+k+t-1}},$$

However, R_t may be increased or decreased by one percent any policy year, at the company's option, but R_t shall not be less than one,

where:

x , k and t are as defined above, and

$q_{x+k+t-1}$ = valuation mortality rate for deficiency reserves in policy year $k+t$.

3.3. "Deficiency reserves" means the excess, if greater than zero, of minimum reserves calculated in accordance with the principles of W.Va. Code §33-7-9(k) over basic reserves.

3.4. "Maximum valuation interest rates" means the interest rates defined in W.Va. Code §33-7-9(f)(2) that are to be used in determining the minimum standard for the valuation of life insurance policies.

~~3.5. "1980 CSO valuation tables" means the commissioner's 1980 standard ordinary mortality table (1980 CSO Table), without ten-year select mortality factors, incorporated into the 1980 amendments to the NAIC standard valuation law and referred to in W. Va. Code §33-9-7(d)(1), and variations of the 1980 CSO Table approved by the National Association of Insurance Commissioners, such as the smoker and nonsmoker versions approved in December 1983.~~

~~3.6. "Scheduled gross premium" means the smallest illustrated gross premium at issue for other than universal life insurance policies. For universal life insurance policies, scheduled gross premium means the smallest specified premium described in subdivision c of subsection 6.1 of this rule, if any, or else the minimum premium described in subdivision d of subsection 6.1 of this rule.~~

~~3.7. "Segmented reserves" means reserves, calculated using segments produced by the contract segmentation method, equal to the present value of all future guaranteed benefits less the present value of all future net premiums to the mandatory expiration of a policy, where the net premiums within each segment are a uniform percentage of the respective gross premiums within the segment.~~

~~a. The uniform percentage for each segment is such that, at the beginning of the segment, the present value of the net premiums within the segment equals:~~

~~1. The present value of the death benefits within the segment; plus~~

~~2. The present value of any unusual guaranteed cash surrender value (see subsection 5.4 of this rule) occurring at the end of the segment; less~~

~~3. Any unusual guaranteed cash value occurring at the start of the segment; plus~~

~~4. For the first segment only, the excess of the quantity described in subparagraph A of this paragraph, over the quantity described in subparagraph B of this paragraph.~~

~~A. A net level annual premium equal to the present value, at the date of issue, of the benefits provided for in the first segment after the first policy year, divided by the present value, at the date of issue, of an annuity of one per year payable on the first and each subsequent anniversary within the first segment on which a premium falls due. However, the net level annual premium shall not exceed the net level annual premium on the nineteen-year premium whole life plan of insurance of the same renewal year equivalent level amount at an age one year higher than the age at issue of the policy.~~

~~B. A net one-year term premium for the benefits provided for in the first policy year.~~

~~b. The length of each segment is determined by the contract segmentation method, as defined in this section.~~

~~c. The interest rates used in the present value calculations for any policy may not exceed the maximum valuation interest rate, determined with a guarantee duration equal to the sum of the lengths of all segments of the policy.~~

~~d. For both basic reserves and deficiency reserves computed by the segmented method, present values must include future benefits and net premiums in the current segment and in all subsequent segments.~~

~~3.8. "Tabular cost of insurance" means the net single premium at the beginning of a policy year for one-year term insurance in the amount of the guaranteed death benefit in that policy year.~~

~~3.9. "Ten-year select mortality factors" means the select mortality factors incorporated into the 1980 amendments to the NAIC Standard Valuation Law and referred to in W. Va. Code §33-7-9(d)(1)(ii).~~

~~3.10. "Unitary reserves" means the present value of all future guaranteed benefits less the present value of all future modified net premiums, where:~~

~~a. Guaranteed benefits and modified net premiums are considered to the mandatory expiration of the policy; and~~

~~b. Modified net premiums are a uniform percentage of the respective guaranteed gross premiums, where the uniform percentage is such that, at issue, the present value of the net premiums equals the present value of all death benefits and pure endowments, plus the excess of the quantity described in paragraph 1 of this subdivision, over the quantity described in paragraph 2 of this subdivision.~~

~~1. A net level annual premium equal to the present value, at the date of issue, of the benefits provided for after the first policy year, divided by the present value, at the date of issue, of an annuity of one per year payable on the first and each subsequent anniversary of the policy on which a premium falls due. However, the net level annual premium shall not exceed the net level annual premium on the nineteen-year premium whole life plan of insurance of the same renewal year equivalent level amount at an age one year higher than the age at issue of the policy.~~

~~2. A net one-year term premium for the benefits provided for in the first policy year.~~

c. ~~The interest rates used in the present value calculations for any policy may not exceed the maximum valuation interest rate, determined with a guarantee duration equal to the length from issue to the mandatory expiration of the policy.~~

3.11. ~~"Universal life insurance policy" means any individual life insurance policy under the provisions of which separately identified interest credits (other than in connection with dividend accumulations, premium deposit funds, or other supplementary accounts) and mortality or expense charges are made to the policy.~~

~~§114-49-4. General calculation requirements for basic reserves and premium deficiency reserves.~~

4.1. ~~At the election of the company for any one or more specified plans of life insurance, the minimum mortality standard for basic reserves may be calculated using the 1980 CSO valuation tables with select mortality factors (or any other valuation mortality table adopted by the National Association of Insurance Commissioners after the effective date of this rule and promulgated by rule by the commissioner for this purpose). If select mortality factors are elected, they may be:~~

a. ~~The ten-year select mortality factors incorporated into the 1980 amendments to the NAIC Standard Valuation Law and referred to in W. Va. Code §33-7-9(d)(1)(ii); or~~

b. ~~One hundred fifty percent (150%) of the base select mortality factors in Appendix A of this rule; or~~

c. ~~One hundred fifty percent (150%) of the base select mortality factors in Appendix A of this rule for the first ten (10) policy years; then linearly graded from the resulting tenth year factor to 100 percent at policy year sixteen (16); or~~

d. ~~Any other table of select mortality factors adopted by the National Association of Insurance Commissioners after the effective date of this rule and promulgated by rule by the commissioner for the purpose of calculating basic reserves.~~

4.2. ~~Deficiency reserves, if any, are calculated for each policy as the excess, if greater than zero, of the quantity A over the basic reserve. The quantity A is obtained by recalculating the basic reserve for the policy using guaranteed gross premiums instead of net premiums when the guaranteed gross premiums are less than the corresponding net premiums. At the election of the company for any one or more specified plans of insurance, the quantity A and the corresponding net premiums used in the determination of quantity A may be based upon the 1980 CSO valuation tables with select mortality factors (or any other valuation mortality table adopted by the National Association of Insurance Commissioners after the effective date of this rule and~~

~~promulgated by rule by the commissioner). If select mortality factors are elected, they may be:~~

~~a. The ten-year select mortality factors incorporated into the 1980 amendments to the NAIC Standard Valuation Law and referred to in W. Va. Code §33-7-9(d)(1)(ii);~~

~~b. One hundred twenty percent (120%) of the base select mortality factors in Appendix A of this rule;~~

~~c. One hundred twenty percent (120%) of the base select mortality factors in Appendix A of this rule for the first ten (10) policy years; then linearly graded from the resulting tenth-year factor to 100 percent at policy year sixteen (16);~~

~~d. Any other table of select mortality factors adopted by the National Association of Insurance Commissioners after the effective date of this rule and promulgated by rule by the commissioner for the purpose of calculating deficiency reserves;~~

~~4.3. Notwithstanding the above, if the length of the first segment as determined by the contract segmentation method for the basic reserves is not greater than five (5) years (safe harbor), then for that length of time measured from issue, for either the unitary method or the contract segmentation method, gross premiums need not be substituted for net premiums even if the gross premiums are less than the net premiums. For subsequent periods, gross premiums must be substituted for net premiums if the gross premiums are less than the corresponding net premiums.~~

~~4.4. For any policies for which the company chooses to use the safe harbor, the company must demonstrate annually to the satisfaction of the commissioner, by submitting a statement of actuarial opinion signed by the appointed actuary, that the reserves held for all such policies are adequate.~~

~~4.5. In applying percentages to the base select mortality factors, do not round any result and set equal to 100 any result that exceeds 100.~~

~~4.6. This section applies to both basic reserves and deficiency reserves. Any set of base select mortality factors may be used only for the first segment. However, if the first segment is less than ten (10) years, the appropriate ten-year select mortality factors may be used thereafter through the tenth policy year from the date of issue.~~

~~4.7. In determining basic reserves or deficiency reserves, gross premiums without policy fees may be used where the calculation involves the gross premium but only if the policy fee is a level dollar amount for the entire premium-paying period of the policy. In determining deficiency reserves, policy fees may be~~

~~included in gross premiums even if not included in the actual calculation of basic reserves.~~

~~§114-49-5. Calculation of minimum valuation standard for policies with guaranteed nonlevel premiums or guaranteed nonlevel benefits (other than universal life insurance policies):~~

~~5.1. Basic Reserves. --- Basic reserves shall be calculated as the greater of the segmented reserves and the unitary reserves. Both the segmented reserves and the unitary reserves for any policy must use the same valuation mortality table and select mortality factors. At the option of the insurer, in calculating segmented reserves and net premiums, either the adjustments described in subdivisions a and b of this subsection or the adjustments described in subdivisions c and d of this subsection may be made:~~

~~a. --- Treat the unitary reserve, if greater than zero, applicable at the end of each segment as a pure endowment; and~~

~~b. --- Subtract the unitary reserve, if greater than zero, applicable at the beginning of each segment from the present value of guaranteed life insurance and endowment benefits for each segment.~~

~~c. --- Treat the guaranteed cash surrender value, if greater than zero, applicable at the end of each segment as a pure endowment; and~~

~~d. --- Subtract the guaranteed cash surrender value, if greater than zero, applicable at the beginning of each segment from the present value of guaranteed life insurance and endowment benefits for each segment.~~

~~5.2. Deficiency Reserves.~~

~~a. --- The deficiency reserve at any duration shall be calculated:~~

~~1. --- On a unitary basis if the corresponding basic reserve determined by subsection 5.1 of this rule is unitary, or~~

~~2. --- On a segmented basis if the corresponding basic reserve determined by subsection 5.1 of this rule is segmented; or~~

~~3. --- On a segmented basis if the corresponding basic reserve determined by subsection 5.1 of this rule is equal to both the segmented reserve and the unitary reserve.~~

~~b. --- This subdivision shall apply to any policy for which the guaranteed gross premium at any duration is less than the corresponding modified net premium calculated by the method used in~~

determining the basic reserves, but using the minimum valuation standards of mortality (specified in subsection 4.2 of this rule) and rate of interest.

c. ~~Deficiency reserves, if any, shall be calculated for each policy as the excess, if greater than zero, for the current and all remaining periods, of the quantity A over the basic reserve, where quantity A is obtained as indicated in subsection 4.2 of this rule.~~

d. ~~For deficiency reserves determined on a segmented basis, the quantity A is determined using segment lengths equal to those determined for segmented basic reserves.~~

5.3. Minimum Value. -- ~~Basic reserves may not be less than the tabular cost of insurance for the balance of the policy year, if mean reserves are used. Basic reserves may not be less than the tabular cost of insurance for the balance of the current modal period or to the paid-to-date, if later, but not beyond the next policy anniversary, if mid-terminal reserves are used. The tabular cost of insurance must use the same valuation mortality table, select mortality factors and interest rates as that used for the calculation of both the segmented and the unitary reserves. In no case may total reserves (including basic reserves, deficiency reserves and any reserves held for supplemental benefits that would expire upon contract termination) be less than the amount that the policyowner would receive (including the cash surrender value of the supplemental benefits, if any, referred to above), exclusive of any deduction for policy loans, upon termination of the policy.~~

5.4. Unusual pattern of guaranteed cash surrender values.

a. ~~For any policy with an unusual pattern of guaranteed cash surrender values, the reserves actually held prior to the first unusual guaranteed cash surrender value shall not be less than the reserves calculated by treating the first unusual guaranteed cash surrender value as a pure endowment and treating the policy as an n-year policy providing term insurance plus a pure endowment equal to the unusual cash surrender value, where n is the number of years from the date of issue to the date the unusual cash surrender value is scheduled.~~

b. ~~The reserves actually held subsequent to any unusual guaranteed cash surrender value shall not be less than the reserves calculated by treating the policy as an n-year policy providing term insurance plus a pure endowment equal to the next unusual guaranteed cash surrender value, and treating any unusual guaranteed cash surrender value at the end of the prior segment as a net single premium, where:~~

1. ~~The value of n is the number of years from the date of the last unusual guaranteed cash surrender value prior to the valuation date to the earlier of:~~

~~A. The date of the next unusual guaranteed cash surrender value, if any, that is scheduled after the valuation date, or~~

~~B. The mandatory expiration date of the policy, and~~

~~2. The net premium for a given year during the n-year period is equal to the product of the net to gross ratio and the respective gross premium, and~~

~~3. The net to gross ratio is equal to the quantity described in subparagraph A of this paragraph divided by the quantity described in subparagraph B of this paragraph.~~

~~A. The present value, at the beginning of the n-year period, of death benefits payable during the n-year period plus the present value, at the beginning of the n-year period, of the next unusual guaranteed cash surrender value, if any, minus the amount of the last unusual guaranteed cash surrender value, if any, scheduled at the beginning of the n-year period.~~

~~B. The present value, at the beginning of the n-year period, of the scheduled gross premiums payable during the n-year period.~~

~~c. For purposes of this subsection, a policy is considered to have an unusual pattern of guaranteed cash surrender values if any future guaranteed cash surrender value exceeds the prior years guaranteed cash surrender value by more than the sum of:~~

~~1. One hundred ten percent (110%) of the scheduled gross premium for that year, and~~

~~2. One hundred ten percent (110%) of one year's accrued interest on the sum of the prior year's guaranteed cash surrender value and the scheduled gross premium using the nonforfeiture interest rate used for calculating policy guaranteed cash surrender values, and~~

~~3. Five percent (5%) of the first policy year surrender charge, if any.~~

~~5.5. Optional exemption for yearly renewable term (YRT) reinsurance. -- At the option of the company, the following approach for reserves on YRT reinsurance may be used:~~

~~a. Calculate the valuation net premium for each future policy year as the tabular cost of insurance for that future year.~~

~~b. Basic reserves shall never be less than the tabular cost of insurance for the appropriate period, as defined in subsection 5.3 of this rule.~~

~~c. Deficiency reserves.~~

~~1. For each policy year, calculate the excess, if greater than zero, of the valuation net premium over the respective maximum guaranteed gross premium.~~

~~2. Deficiency reserves shall never be less than the sum of the present values, at the date of valuation, of the excesses determined in accordance with paragraph 1 of this subdivision.~~

~~d. For purposes of this subsection, the calculations use the maximum valuation interest rate and the 1980 CSO mortality tables with or without ten-year select mortality factors, or any other table adopted after the effective date of this rule by the National Association of Insurance Commissioners and promulgated by rule by the commissioner for this purpose.~~

~~e. A reinsurance agreement shall be considered YRT reinsurance for purposes of this subsection if:~~

~~1. The reinsurance premium rates (on both the initial current premium scale and the guaranteed maximum premium scale) for any given year are independent of both the premium rates and the plan of the original policy; and~~

~~2. Only the mortality risk is reinsured.~~

~~5.6. Optional exemption for attained-age-based yearly renewable term (YRT) life insurance policies. -- At the option of the company, the following approach for reserves for attained-age-based YRT life insurance policies may be used.~~

~~a. Calculate the valuation net premium for each future policy year as the tabular cost of insurance for that future year.~~

~~b. Basic reserves shall never be less than the tabular cost of insurance for the appropriate period, as defined in subsection 5.3 of this rule.~~

~~c. Deficiency reserves:~~

~~1. For each policy year, calculate the excess, if greater than zero, of the valuation net premium over the respective maximum guaranteed gross premium.~~

~~2. Deficiency reserves shall never be less than the sum of the present values, at the date of valuation, of the excesses determined in accordance with paragraph 1 of this subdivision.~~

~~d. For purposes of this subsection, the calculations use the maximum valuation interest rate and the 1980 CSO valuation~~

~~tables with or without ten-year select mortality factors, or any other table adopted after the effective date of this rule by the National Association of Insurance Commissioners and promulgated by rule by the commissioner for this purpose.~~

~~e. A policy shall be considered an attained-age-based YRT life insurance policy for purposes of this subsection if:~~

~~1. The premium rates (on both the initial current premium scale and the guaranteed maximum premium scale) are based upon the attained age of the insured such that the rate for any given policy at a given attained age of the insured is independent of the year the policy was issued; and~~

~~2. The premium rates (on both the initial current premium scale and the guaranteed maximum premium scale) are the same as the premium rates for policies covering all insureds of the same sex, risk class, plan of insurance and attained age.~~

~~f. For policies that become attained-age-based YRT life insurance policies after an initial period of coverage, the approach of this paragraph may be used after the initial period if:~~

~~1. The initial period is constant for all insureds of the same sex, risk class and plan of insurance; or~~

~~2. The initial period runs to a common attained age for all insureds of the same sex, risk class and plan of insurance; and~~

~~3. After the initial period of coverage, the policy meets the conditions of subdivision e of subsection 5.6 of this rule.~~

~~g. If this election is made, this approach must be applied in determining reserves for all attained-age-based YRT life insurance policies issued on or after the effective date of this rule.~~

~~5.7. Exemption from unitary reserves for certain n-year renewable term life insurance policies. -- Unitary basic reserves and unitary deficiency reserves need not be calculated for a policy if the following conditions are met:~~

~~a. The policy consists of a series of n-year periods, including the first period and all renewal periods, where n is the same for each period, and for each n-year period, the premium rates on both the initial current premium scale and the guaranteed maximum premium scale are level; and~~

~~b. The guaranteed gross premiums in all n-year periods are not less than the corresponding net premiums based upon the 1980 CSO Table with or without the ten-year select mortality factors; and~~

~~c. There are no cash surrender value in any policy year.~~

~~5.8. Exemption from unitary reserves for certain juvenile policies. -- Unitary basic reserves and unitary deficiency reserves need not be calculated for a policy if the following conditions are met, based upon the initial current premium scale at issue:~~

~~a. At issue, the insured is age twenty-four (24) or younger; and~~

~~b. Until the insured reaches the end of the juvenile period, which must occur at or before age twenty-five (25), the gross premiums and death benefits are level, and there are no cash surrender values; and~~

~~c. After the end of the juvenile period, gross premiums are level for the remainder of the premium paying period, and death benefits are level for the remainder of the life of the policy.~~

~~114-49-6. Calculation of minimum valuation standard for flexible premium and fixed premium universal life insurance policies that contain provisions resulting in the ability of a policyowner to keep a policy in force over a secondary guarantee period of more than five years.~~

~~6.1. General.~~

~~a. Policies with a secondary guarantee include:~~

~~1. A policy with a guarantee that the policy will remain in force at the original schedule of benefits over a period exceeding five (5) years, subject only to the payment of specified premiums;~~

~~2. A policy in which the minimum premium at any future duration beyond the end of the fifth policy year is less than the corresponding one year valuation premium, calculated using the maximum valuation interest rate and the 1980 CSO valuation tables with or without ten-year select mortality factors, or any other table adopted after the effective date of this rule by the National Association of Insurance Commissioners promulgated by rule by the commissioner for this purpose; or~~

~~3. A policy with any combination of the features described in paragraphs 1 and 2 of this subdivision.~~

~~b. A secondary guarantee period is the longest period for which the policy is guaranteed to remain in force subject only to a secondary guarantee. Secondary guarantees that are unilaterally extended by the insurer after issue shall be considered to have been made at issue. Reserves described in~~

~~subsections 6.2 and 6.3 of this rule must be recalculated from issue to reflect the extensions.~~

~~c. Specified premiums mean the premiums specified in the policy, the payment of which guarantees that the policy will remain in force at the original schedule of benefits, but which otherwise would be insufficient to keep the policy in force in the absence of the guarantee if maximum mortality and expense charges and minimum interest credits were made and any applicable surrender charges were assessed.~~

~~d. For purposes of this subdivision, the minimum premium for any policy year is the premium that, when paid into a policy with a zero account value at the beginning of the policy year, produces a zero account value at the end of the policy year. The minimum premium calculation must use the policy cost factors (including mortality charges, loads and expense charges) and the interest crediting rate, which are all guaranteed at issue.~~

~~e. The one-year valuation premium means the net one-year premium based upon the original schedule of benefits for a given policy year. The one-year valuation premiums for all policy years are calculated at issue. The select mortality factors defined in subdivisions b, c and d, of subsection 4.2 of this rule may not be used to calculate the one-year valuation premiums.~~

~~6.2. Basic reserves for the secondary guarantees. -- Basic reserves for the secondary guarantees shall be the segmented reserves for the secondary guarantee period. In calculating the segments and the segmented reserves, the gross premiums shall be set equal to the specified premiums, if any, or otherwise to the minimum premiums that keep the policy in force, and the segments will be determined according to the contract segmentation method as defined in subsection 3.2 of this rule.~~

~~6.3. Deficiency reserves for the secondary guarantees. -- Deficiency reserves, if any, for the secondary guarantees shall be calculated for the secondary guarantee period in the same manner as described in subsection 5.2 of this rule with gross premiums set equal to the specified premiums, if any, or otherwise to the minimum premiums that keep the policy in force.~~

~~6.4. Minimum reserves. -- The minimum reserves during the secondary guarantee period are the greater of:~~

~~a. The basic reserves for the secondary guarantee plus the deficiency reserve, if any, for the secondary guarantees; or~~

~~b. The minimum reserves required by other rules or rules governing universal life plans.~~

Appendix A

~~This Appendix contains select mortality factors that are the bases to which the respective percentages of subdivisions b and c of subsection 4.1 of this rule and subdivisions b and c of subsection 4.2 of this rule are applied.~~

~~The six tables of base select mortality factors are: (1) male aggregate, (2) male nonsmokers, (3) male smoker, (4) female aggregate, (5) female nonsmoker, and (6) female smoker.~~

~~These tables apply to both age last birthday and age nearest birthday mortality tables.~~

~~For sex-blended mortality tables, compute base select mortality factors in the same proportion as the underlying mortality. For example, for the 1980 CSO-B Table, the calculated base select mortality factors are eighty percent (80%) of the appropriate male table, plus twenty percent (20%) of the appropriate female table in this appendix.~~

MALE AGGREGATE--BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
0	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
2	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
3	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
4	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
5	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
6	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
7	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
8	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
9	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
10	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
11	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
12	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
13	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
14	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
15	91	91	91	92	92	92	92	92	92	92	92	92	92	92	92	100
16	82	82	82	83	83	83	83	83	83	84	84	84	84	84	84	100
17	73	74	74	75	75	75	75	75	75	76	76	76	76	76	77	100
18	64	65	65	66	66	67	67	66	67	67	67	67	67	67	69	100
19	55	56	56	58	58	58	58	58	58	59	59	59	59	59	61	100
20	46	47	47	49	49	50	50	49	50	51	51	51	51	51	53	100
21	44	45	46	47	48	48	49	48	49	50	50	50	50	51	52	100
22	43	44	44	46	46	47	47	47	47	49	49	49	49	50	52	100
23	41	42	43	44	45	45	46	45	46	47	47	48	49	50	51	100
24	40	41	41	43	43	44	44	44	44	46	46	47	48	49	51	100

*Factors are a percent of the 1980 CSO Male Mortality (without 10 year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Male Mortality Table and 100% of the 83-86 SGA intercompany experience.

MALE AGGREGATE-BASE VALUATION SELECTION FACTORS*

ISSUE AGE		DURATION															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
25	38	39	40	41	42	42	42	43	43	43	45	45	46	47	49	50	100
26	37	38	40	41	42	42	42	43	44	44	45	46	47	48	50	51	100
27	37	38	40	41	42	43	43	44	44	44	46	46	47	49	51	52	100
28	36	37	40	42	43	43	43	44	45	45	46	47	48	50	51	53	100
29	36	37	40	42	43	44	44	45	45	45	47	47	48	51	52	54	100
30	35	36	40	42	43	44	44	45	46	46	47	48	49	52	53	55	100
31	34	36	40	42	44	45	45	46	47	47	48	49	51	53	54	56	100
32	33	35	40	43	44	45	45	46	48	48	49	51	52	54	56	57	100
33	31	35	41	43	45	46	46	47	48	50	51	52	54	56	57	59	100
34	30	34	41	44	45	46	46	47	49	51	52	54	55	57	59	60	100
35	29	34	41	44	46	47	47	48	50	52	53	55	57	58	60	61	100
36	28	33	41	44	46	47	47	49	50	52	53	55	57	59	61	62	100
37	28	33	41	44	47	48	48	49	50	52	53	55	57	59	61	62	100
38	27	32	41	45	47	48	48	50	51	52	54	55	58	60	62	63	100
39	27	32	41	45	48	49	49	50	51	52	54	55	58	60	62	63	100
40	26	31	41	45	48	49	49	51	51	52	54	55	58	61	63	64	100
41	26	32	41	45	48	49	49	51	51	51	53	55	57	61	63	64	100
42	26	33	41	45	48	49	49	50	50	51	52	54	57	60	63	64	100
43	26	33	42	46	47	48	48	50	50	50	52	54	56	60	62	64	100
44	26	34	42	46	47	48	48	49	49	50	51	53	56	59	62	64	100
45	26	35	42	46	47	48	48	49	49	49	50	53	55	59	62	64	100
46	26	34	41	45	46	47	47	48	49	49	50	53	56	59	62	63	100
47	25	33	40	43	45	46	46	47	48	49	50	54	57	59	62	63	100
48	25	33	38	42	44	46	46	47	48	48	51	54	57	60	61	62	100
49	24	32	37	40	43	45	45	46	47	48	51	55	58	60	61	62	100

*Factors are a percent of the 1980 CSO Male Mortality (without 10 year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Male Mortality Table and 100% of the 83-86 SOA intercompany experience.

MALE AGGREGATE - BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
50	24	31	36	39	42	44	45	47	48	51	55	59	60	61	61	100
51	23	30	35	38	41	44	45	47	48	51	55	59	60	61	62	100
52	23	29	34	38	41	43	45	47	48	51	55	59	60	61	62	100
53	22	29	33	37	40	43	44	46	48	51	56	59	61	62	63	100
54	22	28	32	37	40	42	44	46	48	51	56	59	61	62	63	100
55	21	27	31	36	39	42	44	46	48	51	56	59	61	62	64	100
56	21	27	31	36	39	41	43	45	47	50	55	58	60	61	63	100
57	20	26	32	36	39	41	43	45	46	49	54	57	59	60	62	100
58	20	26	32	36	40	40	42	44	46	49	53	55	57	58	61	100
59	19	25	33	36	40	40	42	44	45	48	52	54	56	57	60	100
60	19	25	33	36	40	39	41	43	44	47	51	53	55	56	59	100
61	19	25	33	36	40	40	41	43	44	47	50	52	54	56	59	100
62	19	25	33	36	40	40	42	43	44	46	49	51	53	55	58	100
63	18	25	32	37	41	41	42	44	45	46	49	49	52	55	58	100
64	18	25	32	37	41	41	43	44	45	45	48	48	51	54	57	100
65	18	25	32	37	41	42	43	44	45	45	47	47	50	54	57	100
66	18	25	32	37	41	42	43	44	45	46	47	48	51	55	57	100
67	18	25	32	37	41	42	43	45	46	46	48	49	51	56	57	100
68	19	26	33	38	42	42	44	45	46	47	48	49	52	56	58	100
69	19	26	33	38	42	42	44	46	47	47	49	50	52	57	58	100
70	19	26	33	38	42	42	44	46	47	48	49	51	53	58	58	100
71	24	31	37	42	46	46	48	50	51	51	52	54	56	61	61	100
72	30	36	42	46	50	50	51	53	54	55	56	58	59	64	64	100
73	35	41	46	50	54	54	55	57	58	58	59	61	62	66	66	100
74	41	46	51	55	57	57	59	60	61	62	63	64	66	69	69	100

*Factors are a percent of the 1980 CSO Male Mortality (without 10 year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Male Mortality Table and 100% of the 83-86 SOA intercompany experience.

MALE AGGREGATE--BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
75	46	51	55	59	61	61	63	64	65	65	66	67	69	72	72	100
76	51	56	60	63	65	65	66	68	68	69	69	71	72	75	75	100
77	57	61	64	67	69	69	70	71	72	72	73	74	75	78	78	100
78	62	65	69	71	73	73	74	75	75	76	76	77	78	80	80	100
79	68	70	73	75	77	77	78	78	79	79	80	80	81	83	83	100
80	73	75	78	79	81	81	81	82	82	83	83	84	84	86	86	100
81	78	80	82	83	85	85	85	86	86	86	86	87	87	89	89	100
82	84	85	87	88	88	88	89	89	89	90	90	90	91	92	92	100
83	89	90	91	92	92	92	93	93	93	93	93	93	94	94	94	100
84	95	95	96	96	96	96	96	96	96	97	97	97	97	97	97	100
85	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
86	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
87	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
88	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
89	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
90	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
91	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
92	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
93	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
94	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
95	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
96	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
97	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
98	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
99	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

*Factors are a percent of the 1980 CSO Male Mortality (without 10 year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Male Mortality Table and 100% of the 83-86 SOA intercompany experience.

MALE NONSMOKER - BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
0	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
2	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
3	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
4	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
5	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
6	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
7	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
8	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
9	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
10	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
11	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
12	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
13	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
14	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
15	91	91	91	91	92	92	92	92	92	92	92	92	92	92	92	100
16	81	82	82	83	83	83	83	83	83	84	84	84	84	84	85	100
17	72	73	73	74	75	75	75	75	75	76	76	76	76	76	77	100
18	62	63	64	65	66	67	67	66	67	67	67	67	68	68	69	100
19	53	54	55	57	58	58	58	58	58	59	59	59	60	60	62	100
20	43	45	46	48	49	50	50	49	50	51	51	51	52	52	54	100
21	42	44	45	47	48	48	49	48	49	50	50	50	51	51	53	100
22	41	43	44	45	46	47	47	47	48	49	49	49	50	51	53	100
23	40	41	42	44	45	45	46	45	46	48	49	49	49	50	52	100
24	39	40	41	42	43	44	44	44	45	47	48	48	48	50	52	100

*Factors are a percent of the 1980 CSO Male Nonsmoker Mortality (without 10 year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Male Nonsmoker Mortality Table and 100% of the 83-86 SOA intercompany experience.

MALE NONSMOKER - BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
25	38	39	40	41	42	42	43	43	44	46	47	47	47	49	51	100
26	37	39	40	41	42	43	44	44	44	46	47	47	48	50	52	100
27	37	38	40	42	43	43	44	44	45	46	47	48	49	51	52	100
28	36	38	41	42	43	44	45	45	45	47	48	48	49	51	53	100
29	36	37	41	43	44	44	45	45	46	47	48	49	50	52	53	100
30	35	37	41	43	44	45	46	46	46	47	48	49	51	53	54	100
31	34	36	41	43	44	45	46	47	47	48	49	50	52	54	55	100
32	33	36	41	44	45	46	47	47	48	49	50	51	53	55	56	100
33	32	35	41	44	45	46	47	48	49	50	51	53	55	57	58	100
34	31	35	41	45	46	47	48	48	50	51	52	54	56	58	59	100
35	30	34	41	45	46	47	48	49	51	52	53	55	57	59	60	100
36	29	34	41	45	46	47	48	49	51	52	53	55	57	59	60	100
37	28	33	41	45	46	47	48	49	51	52	53	55	57	59	60	100
38	28	33	41	45	47	48	49	50	51	53	54	56	58	60	60	100
39	27	32	41	45	47	48	49	50	51	53	54	56	58	60	60	100
40	26	32	41	45	47	48	49	50	51	53	54	56	58	60	60	100
41	26	32	41	45	47	48	49	49	50	52	53	55	57	59	59	100
42	26	33	41	45	47	48	49	49	49	51	52	54	56	58	59	100
43	25	33	41	45	47	48	48	48	49	49	51	53	55	57	58	100
44	25	34	41	45	47	48	48	48	48	48	50	52	54	56	58	100
45	25	34	41	45	47	48	48	47	47	47	49	51	53	55	57	100
46	25	33	40	43	45	46	47	46	46	47	49	51	53	54	56	100
47	24	32	38	42	44	45	45	45	45	46	49	51	52	53	55	100
48	24	32	37	40	42	43	44	44	45	46	48	51	52	53	53	100
49	23	31	35	39	41	42	42	43	44	45	48	51	51	52	52	100

*Factors are a percent of the 1980 CSO Male Nonsmoker Mortality (without ten year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Male Nonsmoker Mortality Table and 100% of the 83-86 SOA intercompany experience.

MALE NONSMOKER--BASE VALUATION SELECTION FACTORS*

ISSUE AGE		DURATION															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
50	23	30	34	37	39	40	41	41	42	43	45	48	51	51	51	51	100
51	22	29	33	36	38	39	40	42	43	43	44	48	50	51	51	51	100
52	22	28	32	35	37	38	40	41	42	44	44	47	50	50	51	51	100
53	21	26	31	34	37	38	39	41	42	43	43	47	49	50	50	51	100
54	21	25	30	33	36	37	39	40	41	43	43	46	49	49	50	51	100
55	20	24	29	32	35	36	38	40	41	42	42	46	48	49	50	51	100
56	19	24	29	32	35	35	37	39	40	41	41	45	47	48	49	50	100
57	19	23	29	32	35	35	36	38	39	40	40	44	45	46	47	49	100
58	18	23	28	31	34	34	36	37	37	39	39	42	44	45	46	47	100
59	18	22	28	31	34	34	35	36	36	38	38	41	42	43	44	46	100
60	17	22	28	31	34	33	34	35	35	37	37	40	41	42	43	45	100
61	17	22	28	31	34	33	34	35	35	36	36	39	40	41	43	45	100
62	16	21	27	31	33	33	34	35	35	36	36	38	39	41	43	45	100
63	16	21	27	30	33	33	34	34	34	35	35	37	38	40	43	45	100
64	15	20	26	30	32	33	34	34	34	35	35	36	37	40	43	45	100
65	15	20	26	30	32	33	34	34	34	34	34	35	36	39	43	45	100
66	15	20	26	30	32	33	34	34	34	35	35	36	37	40	44	46	100
67	15	20	26	30	32	33	34	34	34	35	36	37	38	41	45	47	100
68	15	20	25	29	32	32	34	35	36	36	36	37	39	42	46	47	100
69	15	20	25	29	32	32	34	35	36	37	37	38	40	43	47	48	100
70	15	20	25	29	32	32	34	35	37	38	38	39	41	44	48	49	100
71	21	25	30	34	37	37	38	39	41	42	42	43	45	48	51	52	100
72	26	31	35	38	41	41	43	44	45	46	46	47	49	51	55	56	100
73	32	36	40	43	46	46	47	48	50	50	50	51	53	55	58	59	100
74	38	41	45	48	50	50	52	52	54	55	55	55	57	59	62	63	100

*Factors are a percent of the 1980 CSO Male Nonsmoker Mortality (without 10 year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Male Nonsmoker Mortality Table and 100% of the 83-86 SOA intercompany experience.

MALE NONSMOKER - BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
75	43	47	50	53	55	55	56	57	58	59	59	61	63	65	66	100
76	49	52	55	57	59	59	60	61	62	63	63	65	66	69	69	100
77	55	57	60	62	64	64	65	65	66	67	67	69	70	72	73	100
78	60	63	65	67	68	68	69	70	71	71	72	72	74	76	76	100
79	66	68	70	72	73	73	74	74	75	75	76	76	78	79	80	100
80	72	73	75	76	77	77	78	78	79	79	80	80	81	83	83	100
81	77	79	80	81	82	82	82	83	83	83	84	84	85	86	86	100
82	83	84	85	86	86	86	87	87	87	88	88	88	89	90	90	100
83	89	89	90	91	91	91	91	91	92	92	92	92	93	93	93	100
84	94	95	95	95	95	95	96	96	96	96	96	96	96	97	97	100
85	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
86	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
87	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
88	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
89	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
90	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
91	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
92	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
93	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
94	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
95	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
96	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
97	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
98	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
99	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

CSO Male Nonsmoker Mortality (without 10 year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Male Nonsmoker Mortality Table and 100% of the 83-86 SOA intercompany experience.

MALE-SMOKER-BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
0	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
2	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
3	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
4	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
5	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
6	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
7	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
8	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
9	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
10	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
11	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
12	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
13	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
14	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
15	94	95	95	95	95	96	96	95	95	95	95	95	95	95	95	100
16	88	89	89	90	90	91	91	91	91	91	91	90	90	90	91	100
17	83	84	84	85	86	87	87	86	86	86	86	86	86	86	86	100
18	77	78	79	80	81	82	82	81	81	81	81	81	81	81	81	100
19	71	73	73	75	76	78	78	77	77	77	77	76	76	76	77	100
20	65	67	68	70	71	73	73	72	72	72	72	71	71	71	72	100
21	63	65	66	68	69	70	70	69	70	70	70	69	69	69	70	100
22	61	63	64	66	66	68	68	67	67	68	68	67	67	67	68	100
23	60	61	62	64	64	65	65	64	65	65	65	65	65	66	67	100
24	58	59	60	62	61	63	63	62	62	63	63	63	63	64	65	100

*Factors are a percentage of the 1980 CSO Male Smoker Mortality (without 10 year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Male Smoker Mortality Table and 100% of the 83-86 SOA intercompany experience.

MALE SMOKER - BASE VALUATION SELECTION FACTOR*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
25	56	57	58	60	59	60	60	59	60	61	61	61	61	62	63	100
26	55	56	58	60	59	60	60	59	60	61	61	61	61	62	63	100
27	53	55	57	59	59	60	60	59	60	60	60	61	61	62	63	100
28	52	53	57	59	58	59	60	59	59	60	60	60	62	62	63	100
29	50	52	56	58	58	59	60	59	59	59	59	60	62	62	63	100
30	49	51	56	58	58	59	60	59	59	59	59	60	62	62	63	100
31	47	50	55	58	58	59	60	59	59	59	60	61	63	63	64	100
32	45	48	55	57	58	59	59	59	59	60	60	62	64	64	66	100
33	43	47	54	57	58	58	59	59	60	60	61	62	64	66	67	100
34	41	45	54	56	58	58	58	59	60	61	61	63	65	67	69	100
35	39	44	53	56	58	58	58	59	60	61	62	64	66	68	70	100
36	38	43	52	55	57	58	58	59	60	61	62	64	66	68	70	100
37	36	42	51	55	57	57	58	59	60	61	62	64	67	69	70	100
38	35	40	51	54	56	57	57	58	59	61	63	65	67	69	71	100
39	33	39	50	54	56	56	57	58	59	61	63	65	68	70	71	100
40	32	38	49	53	55	56	57	58	59	61	63	65	68	70	71	100
41	31	38	49	53	55	56	57	57	58	60	62	64	67	70	71	100
42	31	38	48	53	55	56	56	57	57	59	61	63	67	69	71	100
43	30	39	48	52	54	55	56	56	57	58	60	63	66	69	71	100
44	30	39	47	52	54	55	55	56	56	57	59	62	66	68	71	100
45	29	39	47	52	54	55	55	55	55	56	58	61	65	68	71	100
46	29	38	46	50	52	54	54	54	55	56	59	62	65	68	70	100
47	28	37	44	49	51	52	53	53	54	56	59	63	66	68	70	100
48	28	37	43	47	49	51	52	53	54	56	60	63	66	68	69	100
49	27	36	41	46	48	49	51	52	53	56	60	64	67	68	69	100

*Factors are a percent of the 1980 CSO Male Smoker Mortality (without 10 year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Male Smoker Mortality Table and 100% of the 83-86 SOA intercompany experience.

MALE SMOKER - BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
50	27	35	40	44	46	48	50	51	53	56	61	65	67	68	68	100
51	26	34	39	43	46	48	50	51	53	56	61	65	67	69	69	100
52	26	33	38	42	45	47	50	51	53	56	61	65	68	69	70	100
53	25	31	37	41	45	47	49	51	54	56	62	66	68	70	72	100
54	25	30	36	40	44	46	49	51	54	56	62	66	69	70	73	100
55	24	29	35	39	44	46	49	51	54	56	62	66	69	71	74	100
56	23	29	35	39	44	46	48	50	53	56	61	65	68	70	74	100
57	23	29	35	39	44	45	48	50	53	55	61	64	67	69	73	100
58	22	28	36	40	45	45	47	49	52	55	60	64	67	69	73	100
59	22	28	36	40	45	44	47	49	52	54	60	63	66	68	72	100
60	21	28	36	40	45	44	46	48	51	54	59	62	65	67	72	100
61	21	28	36	41	45	45	47	49	52	54	59	61	64	67	71	100
62	21	28	36	41	46	46	48	50	52	54	59	60	63	66	70	100
63	20	28	37	42	46	46	49	50	53	55	58	60	63	66	69	100
64	20	28	37	42	47	47	50	51	53	55	58	59	62	65	68	100
65	20	28	37	43	47	48	51	52	54	55	58	58	61	65	67	100
66	20	29	37	44	48	49	52	53	54	55	58	58	61	65	67	100
67	21	29	37	44	49	50	52	53	55	55	58	58	61	65	67	100
68	21	30	38	45	49	50	53	54	55	56	57	58	61	65	66	100
69	22	30	38	45	50	51	53	54	56	56	57	58	61	65	66	100
70	22	31	38	46	51	52	54	55	56	56	57	58	61	65	66	100
71	27	36	42	50	54	55	57	58	59	59	60	61	64	67	68	100
72	32	40	46	53	58	58	60	61	62	62	63	64	66	70	71	100
73	38	45	50	57	61	62	63	64	65	65	66	66	69	72	73	100
74	43	49	55	60	64	65	66	67	68	68	68	69	71	74	75	100

*Factors are a percent of the 1989 CSO Male Smoker Mortality (without 10 year select) rate of mortality for the attained age. Factors are based on the 1989 CSO Male Smoker Mortality Table and 100% of the 83-86 SOA intercompany experience.

MALE SMOKER - BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
75	48	54	59	64	67	68	69	70	71	71	71	72	74	77	77	100
76	53	59	63	68	71	71	72	73	74	74	74	75	77	79	80	100
77	58	63	67	71	74	74	75	76	77	77	77	78	79	81	82	100
78	64	68	71	75	77	78	79	79	79	79	80	80	82	84	84	100
79	69	72	75	78	80	81	82	82	82	82	83	83	84	86	86	100
80	74	77	79	82	84	84	85	85	85	85	86	86	87	88	89	100
81	79	82	83	86	87	87	88	88	88	88	89	89	90	91	91	100
82	84	86	88	89	90	90	91	91	91	91	91	92	92	93	93	100
83	90	91	92	93	93	94	94	94	94	94	94	94	95	95	95	100
84	95	95	96	96	97	97	97	97	97	97	97	97	97	98	98	100
85	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
86	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
87	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
88	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
89	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
90	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
91	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
92	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
93	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
94	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
95	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
96	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
97	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
98	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
99	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

*Factors are a percent of the 1980 CSO Male Smoker Mortality (without 10 year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Male Smoker Mortality Table and 100% of the 83-86 SOA intercompany experience.

FEMALE AGGREGATE--BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
0	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
2	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
3	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
4	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
5	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
6	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
7	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
8	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
9	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
10	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
11	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
12	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
13	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
14	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
15	89	89	89	89	89	89	89	89	89	90	90	90	90	91	91	100
16	77	78	78	78	78	78	78	78	79	79	80	80	81	81	82	100
17	66	67	67	67	67	67	68	68	68	69	70	71	71	72	73	100
18	55	55	56	56	56	56	57	57	57	58	60	61	61	63	63	100
19	43	44	45	45	45	45	46	46	47	48	50	51	52	53	54	100
20	32	33	34	34	34	34	35	35	36	37	40	41	42	44	45	100
21	31	32	33	34	34	34	35	36	37	38	41	43	44	46	47	100
22	29	31	32	33	34	34	35	36	38	39	43	44	45	47	48	100
23	28	30	32	33	34	34	36	37	38	39	44	46	47	49	50	100
24	26	29	31	32	34	34	36	37	39	40	46	47	48	50	51	100

*Factors are a percent of the 1980 CSO Female Mortality (without 10-year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Female Mortality Table and 100% of the 83-86 SOA intercompany experience.

FEMALE AGGREGATE-BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
25	25	28	30	32	34	34	36	38	40	41	47	49	50	52	53	100
26	25	28	30	33	35	35	37	40	42	43	48	50	51	53	54	100
27	25	28	30	34	36	37	39	41	43	44	50	51	53	54	55	100
28	25	27	31	34	38	38	40	43	45	46	51	53	54	56	57	100
29	25	27	31	35	39	40	42	44	46	47	53	54	56	57	58	100
30	25	27	31	36	40	41	43	46	48	49	54	55	57	58	59	100
31	25	27	31	37	41	42	44	47	49	50	55	56	57	58	59	100
32	25	28	32	37	41	43	46	48	50	51	56	56	58	59	59	100
33	26	28	32	38	42	45	47	50	51	52	56	57	58	59	60	100
34	26	29	33	38	42	46	49	51	52	53	57	57	59	60	60	100
35	26	29	33	39	43	47	50	52	53	54	58	58	59	60	60	100
36	26	29	33	39	43	48	50	52	53	54	58	58	59	60	60	100
37	26	30	34	40	44	48	50	52	53	54	57	57	58	60	60	100
38	25	30	34	40	44	49	51	53	54	55	57	57	58	60	61	100
39	25	31	35	41	45	49	51	53	54	55	56	56	57	60	61	100
40	25	31	35	41	45	50	51	53	54	55	56	56	57	60	61	100
41	25	31	35	41	44	49	50	53	54	55	56	56	57	61	62	100
42	25	31	35	40	44	48	50	52	53	55	56	56	58	62	63	100
43	24	30	35	40	43	47	49	52	53	54	56	57	58	62	64	100
44	24	30	35	39	43	46	49	51	52	54	56	57	59	63	65	100
45	24	30	35	39	42	45	48	51	52	54	56	57	59	64	66	100
46	23	29	34	38	41	44	48	51	52	54	56	58	59	64	65	100
47	22	28	33	37	40	44	47	51	52	55	57	58	59	64	64	100
48	22	28	33	36	40	43	47	51	53	55	57	59	60	63	64	100
49	21	27	32	35	39	43	46	51	53	56	58	59	60	63	63	100

*Factors are a percent of the 1980 CSO Female Mortality (without 10-year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Female Mortality Table and 100% of the 83-86 SOA intercompany experience.

FEMALE AGGREGATE--BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
50	20	26	31	34	38	42	46	51	53	56	58	60	60	63	62	100
51	20	26	31	34	38	42	46	51	53	55	57	58	59	62	61	100
52	19	25	30	34	38	43	47	51	52	54	55	57	57	60	60	100
53	19	25	30	34	39	43	47	51	52	53	54	55	56	59	59	100
54	18	24	29	34	39	44	48	51	51	52	52	54	54	57	58	100
55	18	24	29	34	39	44	48	51	51	51	51	52	53	56	57	100
56	18	24	29	34	38	43	47	49	50	50	51	52	53	55	56	100
57	18	24	29	34	38	42	45	47	48	49	50	51	52	55	55	100
58	18	25	30	34	37	41	44	46	47	47	50	51	52	54	55	100
59	18	25	30	34	37	40	42	44	45	46	49	50	51	54	54	100
60	18	25	30	34	36	39	41	42	44	45	49	50	51	53	53	100
61	18	24	29	33	35	38	40	41	43	44	48	49	50	52	52	100
62	17	23	28	32	34	37	39	40	42	43	47	48	49	51	51	100
63	17	23	27	31	34	36	38	40	41	42	46	46	47	50	50	100
64	16	22	26	30	33	35	37	39	40	41	45	45	46	49	49	100
65	16	21	25	29	32	34	36	38	39	40	44	44	45	48	48	100
66	16	21	25	29	31	33	35	37	39	40	44	44	45	48	48	100
67	16	21	25	28	31	33	35	37	38	40	44	44	45	48	47	100
68	16	21	24	28	30	32	34	36	38	40	44	45	45	47	47	100
69	16	21	24	27	30	32	34	36	37	40	44	45	45	47	46	100
70	16	21	24	27	29	31	33	35	37	40	44	45	45	47	46	100
71	22	26	29	32	34	36	37	39	41	44	48	49	49	51	50	100
72	27	32	34	37	38	40	42	44	45	48	51	52	52	54	53	100
73	33	37	39	42	43	45	46	48	50	52	55	56	56	58	57	100
74	38	42	44	46	48	49	51	52	54	56	59	60	60	61	60	100

*Factors are a percent of the 1980 CSO Female Mortality (without ten year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Female Mortality Table and 100% of the 83-86 SOA intercompany experience.

FEMALE AGGREGATE - BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
75	44	47	49	51	53	54	55	57	58	60	63	63	63	65	64	100
76	50	53	54	56	57	59	60	61	62	64	66	67	67	68	68	100
77	55	58	59	61	62	63	64	65	66	68	70	71	71	72	71	100
78	61	63	65	66	67	68	69	70	71	72	74	74	74	75	75	100
79	66	68	70	71	72	72	73	74	75	76	78	78	78	79	78	100
80	72	74	75	76	76	77	78	78	79	80	81	82	82	82	82	100
81	78	79	80	81	81	82	82	83	83	84	85	85	85	86	86	100
82	83	84	85	85	86	86	87	87	87	88	89	89	89	89	89	100
83	89	89	90	90	91	91	91	91	92	92	93	93	93	93	93	100
84	94	95	95	95	95	95	96	96	96	96	96	96	96	96	96	100
85	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
86	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
87	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
88	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
89	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
90	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
91	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
92	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
93	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
94	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
95	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
96	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
97	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
98	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
99	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

*Factors are a percent of the 1980 CSO Female Mortality (without ten year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Female Mortality Table and 100% of the 83-86 SOA intercompany experience.

FEMALE NONSMOKER - BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
0	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
2	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
3	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
4	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
5	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
6	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
7	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
8	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
9	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
10	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
11	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
12	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
13	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
14	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
15	88	88	88	88	88	89	89	89	89	89	89	90	90	90	90	100
16	76	76	77	77	77	77	77	77	78	78	79	79	79	80	81	100
17	64	65	65	65	65	66	66	66	67	67	68	69	69	70	71	100
18	52	53	53	53	53	54	54	54	55	55	57	58	59	60	61	100
19	40	41	42	42	42	43	43	43	44	44	47	48	48	50	52	100
20	28	29	30	30	30	31	31	31	33	33	36	37	38	40	42	100
21	27	28	29	30	30	31	31	32	34	34	37	38	39	41	43	100
22	26	27	29	30	30	31	32	33	35	35	39	40	41	42	44	100
23	25	27	28	29	30	31	32	33	35	36	40	41	42	44	45	100
24	24	26	28	29	30	31	33	34	36	37	42	43	44	45	46	100

*Factors are a percent of the 1980 CSO Female Nonsmoker Mortality (without 10 year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Female Nonsmoker Mortality Table and 100% of the 83-86 SOA intercompany experience.

FEMALE NONSMOKER - BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
50	17	22	26	28	31	34	37	40	42	44	45	46	46	47	46	100
51	17	21	25	28	31	34	37	40	41	43	44	44	45	46	45	100
52	16	21	25	28	31	34	37	39	40	42	42	43	43	45	44	100
53	16	20	24	27	31	34	36	39	40	40	41	41	42	43	43	100
54	15	20	24	27	31	34	36	38	39	39	39	40	40	42	42	100
55	15	19	23	27	31	34	36	38	38	38	38	38	39	41	41	100
56	15	19	23	27	30	33	35	37	37	37	38	38	38	40	40	100
57	15	19	23	26	29	32	34	35	36	36	37	37	38	39	39	100
58	14	19	22	26	29	30	32	34	34	35	37	37	37	39	39	100
59	14	19	22	25	28	29	31	32	33	34	36	36	37	38	38	100
60	14	19	22	25	27	28	30	31	32	33	36	36	36	37	37	100
61	14	18	21	24	26	27	29	30	31	32	35	35	35	37	37	100
62	13	18	21	23	25	26	28	29	30	31	34	34	35	36	37	100
63	13	17	20	23	25	26	28	28	29	30	33	34	34	36	36	100
64	12	17	20	22	24	25	27	27	28	29	32	33	34	35	36	100
65	12	16	19	21	23	24	26	26	27	28	31	32	33	35	36	100
66	12	16	19	21	22	23	25	26	27	28	32	33	33	35	36	100
67	12	16	18	20	22	23	25	26	27	29	32	33	34	36	37	100
68	11	15	18	20	21	22	24	25	28	29	33	34	34	36	37	100
69	11	15	17	19	21	22	24	25	28	30	33	34	35	37	38	100
70	11	15	17	19	20	21	23	25	28	30	34	35	35	37	38	100
71	17	21	23	24	25	26	28	30	33	35	38	39	39	41	42	100
72	23	26	28	30	31	32	33	35	38	39	43	44	44	45	46	100
73	29	32	34	35	36	37	38	40	42	44	47	48	48	50	50	100
74	35	38	39	41	41	42	44	45	47	49	52	52	52	54	55	100

*Factors are a percent of the 1980 CSO Female Nonsmoker Mortality (without 10-year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Female Nonsmoker Mortality Table and 100% of the 83-86 SOA intercompany experience.

FEMALE NONSMOKER--BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
75	41	43	45	46	47	47	49	50	52	53	56	57	57	58	59	100
76	47	49	50	51	52	53	54	55	57	58	60	61	61	62	63	100
77	53	55	56	57	57	58	59	60	62	63	65	65	65	66	67	100
78	58	60	61	62	63	63	64	65	66	67	69	70	70	71	71	100
79	64	66	67	68	68	68	69	70	71	72	74	74	74	75	75	100
80	70	72	72	73	73	74	74	75	76	77	78	78	78	79	79	100
81	76	77	78	78	79	79	79	80	81	81	82	83	83	83	83	100
82	82	83	83	84	84	84	85	85	86	86	87	87	87	87	88	100
83	88	89	89	89	89	89	90	90	90	91	91	91	91	92	92	100
84	94	94	94	95	95	95	95	95	95	95	96	96	96	96	96	100
85	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
86	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
87	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
88	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
89	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
90	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
91	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
92	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
93	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
94	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
95	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
96	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
97	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
98	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
99	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

*Factors are a percent of the 1980 CSO Female Nonsmoker Mortality (without 10 year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Female Nonsmoker Mortality Table and 100% of the 83-86 SOA intercompany experience.

FEMALE SMOKER - BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
0	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
2	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
3	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
4	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
5	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
6	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
7	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
8	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
9	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
10	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
11	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
12	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
13	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
14	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
15	92	92	92	92	92	92	92	92	93	93	93	93	94	94	94	100
16	83	84	84	84	84	84	84	84	85	85	87	87	87	88	88	100
17	75	76	77	77	77	77	77	77	78	78	80	80	81	82	83	100
18	66	67	69	69	69	69	69	69	70	71	73	73	75	75	77	100
19	58	59	61	61	61	61	61	61	63	63	67	67	68	69	71	100
20	49	51	53	53	53	53	53	53	55	56	60	60	62	63	65	100
21	47	49	52	52	52	52	53	54	56	57	61	62	63	64	66	100
22	45	47	50	51	52	52	53	54	56	57	63	63	64	65	67	100
23	43	46	49	51	51	51	53	55	57	58	64	65	66	67	67	100
24	41	44	47	50	51	51	53	55	57	58	66	66	67	68	68	100

*Factors are a percent of the 1980 CSO Female Smoker Mortality (without 10 year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Female Smoker Mortality Table and 100% of the 83-86 SOA intercompany experience.

FEMALE SMOKER - BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
25	39	42	46	49	50	50	53	56	58	59	67	68	68	69	69	100
26	39	42	46	50	51	52	54	57	59	60	68	68	69	70	70	100
27	38	41	46	50	53	53	56	58	60	61	68	69	69	70	70	100
28	38	41	46	51	54	55	57	60	62	63	69	69	70	71	71	100
29	37	40	46	51	56	56	59	61	63	64	69	70	70	71	71	100
30	37	40	46	52	57	58	60	62	64	65	70	70	71	72	72	100
31	37	40	46	52	57	59	61	63	64	65	70	70	71	72	72	100
32	37	40	46	52	57	59	62	63	65	66	70	70	71	73	73	100
33	37	41	45	52	57	60	62	64	65	66	70	71	72	73	73	100
34	37	41	45	52	57	60	63	64	66	67	70	71	72	74	74	100
35	37	41	45	52	57	61	64	65	66	67	70	71	72	74	74	100
36	36	41	45	52	57	61	64	65	66	67	70	71	72	74	74	100
37	35	40	45	52	57	61	64	65	66	67	70	71	71	74	74	100
38	34	40	44	51	56	60	63	65	67	68	69	70	71	73	74	100
39	33	39	44	51	56	60	63	65	67	68	69	70	70	73	74	100
40	32	39	44	51	56	60	63	65	67	68	69	70	70	73	74	100
41	31	39	44	50	55	59	62	64	66	68	69	70	70	74	75	100
42	31	38	44	50	54	58	61	64	66	67	69	70	71	75	77	100
43	30	38	43	49	54	58	61	63	65	67	68	70	71	77	78	100
44	30	37	43	49	53	57	60	63	65	66	68	70	72	78	80	100
45	29	37	43	48	52	56	59	62	64	66	68	70	72	79	81	100
46	28	36	42	47	51	55	58	62	64	66	69	71	72	78	80	100
47	27	35	41	46	50	54	58	62	64	67	69	71	72	78	79	100
48	27	35	40	44	49	53	57	62	64	67	70	72	73	77	77	100
49	26	34	39	43	48	52	57	62	64	68	70	72	73	77	76	100

*Factors are a percent of the 1980 CSO Female Smoker Mortality (without 10 year select) rates of mortality for the attained age. Factors are based on the 1980 CSO Female Smoker Mortality Table and 100% of the 83-86 SOA intercompany experience.

FEMALE SMOKER - BASE VALUATION SELECTION FACTORS*

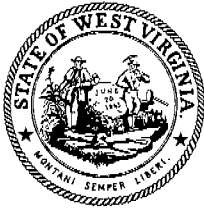
ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
50	25	33	38	42	47	51	56	62	64	68	71	73	73	76	75	100
51	24	32	37	42	47	51	56	62	63	67	69	71	71	75	74	100
52	24	31	37	42	47	52	57	62	63	66	68	69	70	74	74	100
53	23	31	36	41	48	52	57	61	62	64	66	68	68	73	73	100
54	23	30	36	41	48	53	58	61	62	63	65	66	67	72	73	100
55	22	29	35	41	48	53	58	61	61	62	63	64	65	71	72	100
56	22	29	35	41	47	52	56	59	60	61	63	64	65	70	71	100
57	22	29	35	41	46	51	55	58	59	60	63	64	65	69	70	100
58	23	30	36	41	46	49	53	56	57	59	63	64	64	69	69	100
59	23	30	36	41	45	48	52	55	56	58	63	64	64	68	68	100
60	23	30	36	41	44	47	50	53	55	57	63	64	64	67	67	100
61	22	29	35	40	43	46	49	52	54	56	62	63	63	66	66	100
62	22	28	34	39	42	45	48	51	53	55	61	61	61	64	64	100
63	21	28	34	38	42	45	47	50	51	53	59	60	60	63	63	100
64	21	27	33	37	41	44	46	49	50	52	58	58	58	61	61	100
65	20	26	32	36	40	43	45	48	49	51	57	57	57	60	60	100
66	20	26	32	36	39	42	44	47	49	51	56	56	56	59	59	100
67	20	26	32	35	39	42	44	46	48	50	56	56	56	58	58	100
68	20	26	31	35	38	41	43	46	48	50	55	55	55	57	56	100
69	20	26	31	34	38	41	43	45	47	49	55	55	55	56	55	100
70	20	26	31	34	37	40	42	44	47	49	54	54	54	55	54	100
71	25	31	36	38	41	44	46	48	51	52	57	57	57	58	57	100
72	31	36	40	43	45	48	50	51	54	56	60	60	60	61	60	100
73	36	41	45	47	50	52	54	55	58	59	63	63	63	64	63	100
74	41	46	49	52	54	56	57	59	61	63	66	66	66	67	66	100

*Factors are a percent of the 1980 CSO Female Smoker (without 10-year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Female Smoker Mortality Table and 100% of the 83-86 SGA intercompany experience.

FEMALE SMOKER - BASE VALUATION SELECTION FACTORS*

ISSUE AGE	DURATION															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
75	47	51	54	56	58	60	61	63	65	66	69	69	69	70	69	100
76	52	56	59	60	62	64	65	66	68	69	72	72	72	73	72	100
77	57	61	63	65	66	68	69	70	72	73	75	75	75	76	75	100
78	63	65	68	69	71	72	73	74	75	76	79	79	79	79	79	100
79	68	70	72	74	75	76	77	78	79	80	82	82	82	82	82	100
80	73	75	77	78	79	80	81	81	82	83	85	85	85	85	85	100
81	79	80	82	82	83	84	85	85	86	86	88	88	88	88	88	100
82	84	85	86	87	87	88	88	89	89	90	91	91	91	91	91	100
83	89	90	91	91	92	92	92	93	93	93	94	94	94	94	94	100
84	95	95	95	96	96	96	96	96	96	97	97	97	97	97	97	100
85	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
86	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
87	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
88	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
89	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
90	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
91	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
92	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
93	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
94	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
95	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
96	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
97	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
98	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
99	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

*Factors are a percent of the 1980 CSO Female Smoker (without 10 year select) rate of mortality for the attained age. Factors are based on the 1980 CSO Female Smoker Mortality Table and 100% of the 83-86 SOA intercompany experience.



STATE OF WEST VIRGINIA
Offices of the Insurance Commissioner

Legal Division

CECIL H. UNDERWOOD
Governor

July 30, 1998

HANLEY C. CLARK
Insurance Commissioner

HAND DELIVERED

Ms. Judy Cooper, Director
Administrative Law Division
Office of Secretary of State
State Capitol
Charleston, West Virginia 25305

Dear Ms. Cooper:

Enclosed please find for filing fourteen (14) copies of the following:

- 1) Notice of an Emergency Rule;
- 2) Notice of a Comment Period on a Proposed Rule;
- 3) Brief Summary;
- 4) Statement of Circumstances;
- 5) Fiscal Note;
- 6) Legislative Rule-Making Review Committee Questionnaire; and
- 7) The Proposed Emergency Rule Entitled "Valuation of Life Insurance Policies" (Series 49).

Please contact me if further information is required.

Sincerely,

B. Keith Huffman
General Counsel

BKH/ksb

Enclosures

FILED
JUL 30 12 26 PM '98
OFFICE OF WEST VIRGINIA
SECRETARY OF STATE