

Legislative Analysis



CSO MORTALITY STANDARDS (2001)

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House Bill 5931 as enrolled

Public Act 236 of 2004

Sponsor: Rep. David Robertson

House Committee: Insurance

Senate Committee: Banking and Financial Institutions

Complete to 12-29-04

A SUMMARY OF HOUSE BILL 5931 AS ENROLLED

The bill would amend the Insurance Code (MCL 500.834 et al.) to incorporate the 2001 Commissioners Standard Ordinary (CSO) Mortality Table for use in determining minimum reserve liabilities of life insurance companies, as well as premiums and nonforfeiture benefits. The provisions are based on model legislation developed by the National Association of Insurance Commissioners. The bill's effective date is July 1, 2004.

The bill describes the CSO Mortality Table as “that mortality table, consisting of separate rates of mortality for male and female lives, developed by the American Academy of Actuaries CSO Task Force from the valuation basic mortality table developed by the society of actuaries individual life insurance valuation mortality task force and adopted by the NAIC in December 2002”.

[This mortality table is an update of current tables and reflects the population’s increased longevity.]

At the election of an insurance company, the 2001 CSO Mortality Table could be used as the minimum standard for policies issued on or after July 1, 2004 and before January 1, 2009 and would have to be used for policies issued on or after January 1, 2009.

Under the bill, insurers could use smoker and non-smoker mortality tables or composite mortality tables that do not distinguish between smokers and non-smokers; and they could use separate mortality tables for males and females or could use a table that is a blend of the male and female tables.

The bill also would require life insurance companies to use Appendix A-830 of the NAIC Accounting Practices and Procedures Manual for the Valuation of Life Insurance Policies.

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