

Red Tape Review Rule Report (Due: September 1, 2024)

Department Name:	Department of Insurance and Financial Services-Insurance	Date:	09/01/2024	Total Rule Count:	6
IAC #:	191	Chapter/ SubChapter / Rule(s):	42	Iowa Code Section Authorizing Rule:	508.37(7)“h”(6)
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PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

What is the intended benefit of the rule?

The rules in Chapter 42 provides for identical cash surrender values and paid-up nonforfeiture benefits to both men and women. The rules conform with model laws issued by the National Association of Insurance Commissioners (NAIC).

Is the benefit being achieved? Please provide evidence.

Yes. The rule making is being proposed pursuant to Executive Order 10.

What are the costs incurred by the public to comply with the rule?

There are no known costs.

What are the costs to the agency or any other agency to implement/enforce the rule?

There are no known costs.

Do the costs justify the benefits achieved? Please explain.

Yes. The proposed rule making streamlines and eliminates redundant and repetitive language.

Are there less restrictive alternatives to accomplish the benefit? ☐ YES ☒ NO

If YES, please list alternative(s) and provide analysis of less restrictive alternatives from other states, if applicable. If NO, please explain.

The rule making aligns the rules with current model law and industry standards.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language? [list chapter/rule number(s) that fall under any of the above categories]

PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

191—42.4

191—42.6

RULES PROPOSED FOR REPEAL (list rule number[s]):

None.

RULES PROPOSED FOR RE-PROMULGATION (list rule number[s] or include rule text if available):

ITEM 1. Amend 191—Chapter 42 as follows:

CHAPTER 42

GENDER-BLENDED MINIMUM NONFORFEITURE

STANDARDS FOR LIFE INSURANCE

191—42.1(508) Purpose. The purpose of this rule is to permit life insurance policies to provide the same cash surrender values and paid-up nonforfeiture benefits to both men and women. No change in minimum valuation

standards is implied by this rule.

191—42.2(508) Definitions. For purposes of this chapter, the following definitions shall apply:

“1980 CSO Table, with or without Ten-Year Select Mortality Factors” means that mortality table, consisting of separate rates of mortality for male and female lives, developed by the Society of Actuaries Committee to Recommend New Mortality Tables for Valuation of Standard Individual Ordinary Life Insurance, incorporated in the 1980 NAIC Amendments to the Model Standard Valuation Law and Standard Nonforfeiture Law for Life Insurance, and referred to in those models as the Commissioners 1980 Standard Ordinary Mortality Table, with or without Ten-Year Select Mortality Factors.

“1980 CSO Table (M), with or without Ten-Year Select Mortality Factors” means that mortality table consisting of the rates of mortality for male lives from the 1980 CSO Table with or without Ten-Year Select Mortality Factors.

“1980 CSO Table (F), with or without Ten-Year Select Mortality Factors” means that mortality table consisting of the rates of mortality for female lives from the 1980 CSO Table, with or without Ten-Year Select Mortality Factors.

“1980 CET Table” means that mortality table consisting of separate rates of mortality for male and female lives, developed by the Society of Actuaries Committee to Recommend New Mortality Tables for Valuation of Standard Individual Ordinary Life Insurance, incorporated in the 1980 NAIC Amendments to the Model Standard Valuation Law and Standard Nonforfeiture Law for Life Insurance, and referred to in those models as the Commissioners 1980 Extended Term Insurance Table.

“1980 CET Table (M)” means that mortality table consisting of the rates of mortality for male lives from the 1980 CET Table.

“1980 CET Table (F)” means that mortality table consisting of the rates of mortality for female lives from the 1980 CET Table.

191—42.3(508) Use of gender-blended mortality tables. For any policy of insurance on the life of either a male or female insured delivered or issued for delivery in this state after the operative date of Iowa Code section

508.37, an insurer may:

42.3(1) Substitute a mortality table which is a blend of the 1980 CSO Table (M) and the 1980 CSO Table (F) with or without Ten-Year Select Mortality Factors for the 1980 CSO Table, with or without Ten-Year Select Mortality Factors for use in determining minimum cash surrender values and amounts of paid-up nonforfeiture values, and

42.3(2) Substitute a mortality table which is of the same blend as used in subrule 42.3(1) above but applied to form a blend of the 1980 CET Table (M) and the 1980 CET Table (F) for the 1980 CET Table for use in determining minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

42.3(3) The following tables, as developed and revised by the Society of Actuaries and adopted by the National Association of Insurance Commissioners shall be considered as the basis for acceptable gender-blended mortality tables:

a. 100 percent male 0 percent female, for tables to be designated as the “1980 CSO-A” and “1980 CET-A” tables.

b. 80 percent male 20 percent female, for tables to be designated as the “1980 CSO-B” and “1980 CET-B” tables.

c. 60 percent male 40 percent female, for tables to be designated as the “1980 CSO-C” and “1980 CET-C” tables.

d. 50 percent male 50 percent female, for tables to be designated as the “1980 CSO-D” and “1980 CET-D” tables.

e. 40 percent male 60 percent female, for tables to be designated as the “1980 CSO-E” and “1980 CET-E” tables.

f. 20 percent male 80 percent female, for tables to be designated as the “1980 CSO-F” and “1980 CET-F” tables.

g. 0 percent male 100 percent female, for tables to be designated as the “1980 CSO-G” and “1980 CET-G” tables.

Tables 1980 CSO-A, 1980 CET-A, 1980 CSO-G, and 1980 CET-G shall not be used with respect to policies issued on or after January 1, 1985, except where 90 percent or more of persons insured thereunder are anticipated to be of one gender or except for certain policies converted from group insurance. Such group conversions issued on or after January 1, 1986, shall use mortality tables based on the blend of lives by gender expected for such policies if the group conversion policy is considered to be controlled by the decision in *Arizona Governing Committee v. Norris*.

191—42.4(508) Unfair discrimination. It shall not be a violation of Iowa Code section ~~507B.4(7)~~ 507B.4(3)“g” for an insurer to issue the same kind of policy of life insurance on both a sex-distinct and sex-neutral basis.

191—42.5(508) Separability. If any provision of this rule or its application to any person or circumstance is for any reason held to be invalid, the remainder of the rule and the application of such provision to other persons or circumstances shall not be affected.

191—42.6(508) 2001 CSO Mortality Table. The 2001 CSO Mortality Table shall be used for purposes of this chapter pursuant to the requirements of 191—Chapter 91.

These rules are intended to implement Iowa Code section 508.37(~~67~~) “h”(6).

***For rules being re-promulgated with changes, you may attach a document with suggested changes.**

METRICS

Total number of rules repealed:	0
Proposed word count reduction after repeal and/or re-promulgation	0
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	0

ARE THERE ANY STATUTORY CHANGES YOU WOULD RECOMMEND INCLUDING CODIFYING ANY RULES?

None.