Red Tape Review Rule Report
(Due: September 1, 20 24)

Department Name:	Department of Insurance and Financial Services	Date:	09/01/2024	Total Rule Count:	7
IAC #:	191	Chapter/ SubChapter/ Rule(s):	43	Iowa Code Section Authorizing Rule:	508.36
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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 43 recognize mortality tables for use in determining the minimum standard valuation for annuity and pure endowment contracts. 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Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or un-necessary language, including instances where rule language is duplicative of statutory language? [list chapter/rule number(s) that fall under any of the above categories]

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191—43.7
Implementation sentence

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

None.

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

CHAPTER 43

ANNUITY MORTALITY TABLES FOR USE IN

DETERMINING RESERVE LIABILITIES FOR ANNUITIES

[Prior to 10/22/86, Insurance Department[510]]

191—43.1(508) Purpose. The purpose of this chapter is to recognize the following mortality tables for use in

determining the minimum standard of valuation for annuity and pure endowment contracts: the 1983 Table "a"

and 1983 Group Annuity Mortality (1983 GAM) Table, the Annuity 2000 Mortality Table, the 2012 Individual Annuity Reserving (2012 IAR) Table, and the 1994 Group Annuity Reserving (1994 GAR) Table.

191—43.2(508) Definitions. For purposes of this chapter, the following definitions shall apply:

"1983 GAM Table" means that mortality table developed by the Society of Actuaries Committee on Annuities and adopted as a recognized mortality table for annuities in December 1983 by the National Association of Insurance Commissioners.

"1983 Table 'a'" means that mortality table developed by the Society of Actuaries Committee to Recommend a New Mortality Basis for Individual Annuity Valuation and adopted as a recognized mortality table for annuities in June 1982 by the National Association of Insurance Commissioners.

"1994 GAR Table" means that mortality table developed by the Society of Actuaries Group Annuity Valuation Table Task Force and shown on pages 866 and 867 of Volume XLVII of the Transactions of the Society of Actuaries (1995). The 1994 GAR Table was adopted as a recognized mortality table for annuities in December 1996 by the National Association of Insurance Commissioners.

"2012 IAR Table" means the generational mortality table developed by the Society of Actuaries Committee on Life Insurance Research and containing rates, $qx2012+n$, derived from a combination of the 2012 IAM Period Table and Projection Scale G2, using the methodology stated in subrule 43.3(6).

"2012 Individual Annuity Mortality Period Life Table" or *"2012 IAM Period"* means the period table containing loaded mortality rates for calendar year 2012. This table contains rates, $qx2012+n$, developed by the Society of Actuaries Committee on Life Insurance Research and is shown in Appendices I and II.

"Annuity 2000 Mortality Table" means that mortality table developed by the Society of Actuaries Committee on Life Insurance Research and shown on page 240 of Volume XLVII of the Transactions of the Society of Actuaries (1995). The Annuity 2000 Mortality Table was adopted as a recognized mortality table

for annuities in December 1996 by the National Association of Insurance Commissioners.

"Generational mortality table" means a mortality table containing a set of mortality rates that decrease for a given age from one year to the next based on a combination of a period table and a projection scale containing rates of mortality improvement.

"Period table" means a table of mortality rates applicable to a given calendar year (the period).

"Projection Scale G2" or *"Scale G2"* means a table of annual rates, G2x, of mortality improvement by age for projecting future mortality rates beyond calendar year 2012. This table was developed by the Society of Actuaries Committee on Life Insurance Research and is shown in Appendices III and IV.

191—43.3(508) Individual annuity or pure endowment contracts.

43.3(1) Except as provided in subrules 43.3(2) and 43.3(3), the 1983 Table "a" is recognized and approved as an individual annuity mortality table for valuation and, at the option of the company, may be used for purposes of determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after January 1, 1980.

43.3(2) Except as provided in subrule 43.3(3), either the 1983 Table "a" or the Annuity 2000 Mortality Table shall be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after December 30, 1985.

43.3(3) Except as provided in subrule 43.3(4), the Annuity 2000 Mortality Table shall be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after January 1, 2000.

43.3(4) The 1983 Table "a" without projection is to be used for determining the minimum standard of valuation for an individual annuity or pure endowment contract issued on or after January 1, 2000, solely when the contract is based on life contingencies and is issued to fund periodic benefits arising from:

1. Settlements of various forms of claims pertaining to court settlements or out-of-court settlements from

tort actions;

2. Settlements involving similar actions such as workers' compensation claims; or

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

43.3(5) Except as provided in subrule 43.3(4), the 2012 IAR Mortality Table may be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after January 1, 2015. For any individual annuity or pure endowment contract issued on or after January 1, 2016, except as provided in subrule 43.3(4), the 2012 IAR Mortality Table shall be used as provided in this subrule.

191—43.4(508) Group annuity or pure endowment contracts.

43.4(1) Except as provided in subrules 43.4(2) and 43.4(3), the 1983 GAM Table, the 1983 Table "a" and the 1994 GAR Table are recognized and approved as group annuity mortality tables for valuation and, at the option of the company, any one table may be used for purposes of valuation for any annuity or pure endowment purchased on or after January 1, 1980, under a group annuity or pure endowment contract.

43.4(2) Except as provided in subrule 43.4(3), either the 1983 GAM Table or the 1994 GAR Table shall be used for determining the minimum standard of valuation for any annuity or pure endowment purchased on or after December 30, 1985, under a group annuity or pure endowment contract.

43.4(3) The 1994 GAR Table shall be used for determining the minimum standard of valuation for any annuity or pure endowment purchased on or after January 1, 2000, under a group annuity or pure endowment contract.

191—43.5(508) Application of the 1994 GAR Table. In using the 1994 GAR Table, the mortality rate for a person aged x in year (1994 + n) is calculated as follows:

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

where the qx1994 and AAxs are as specified in the 1994 GAR Table.

191—43.6(508) Application of the 2012 IAR Mortality Table. In using the 2012 IAR Mortality Table, the mortality rate for a person age x in year (2012 + n) is calculated as follows:

$$qx2012+n = qx2012 (1 - G2x)n$$

The resulting qx2012+n shall be rounded to three decimal places per 1,000, e.g., 0.741 deaths per 1,000. Also, the rounding shall occur according to the formula above, starting at the 2012 period table rate.

For example, for a male age 30, qx2012 = 0.741.

qx2013 = 0.741 * (1 – 0.010) ^ 1 = 0.73359, which is rounded to 0.734.

qx2014 = 0.741 * (1 – 0.010) ^ 2 = 0.7262541, which is rounded to 0.726.

A method leading to incorrect rounding would be to calculate qx2014 as qx2013 * (1 – 0.010), or 0.734 * 0.99 = 0.727.

It is incorrect to use the already rounded qx2013 to calculate qx2014.

191—43.7(508) Separability. If any provision of this rule or the application thereof to any person or circumstances 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 ~~thereby~~.

These rules are intended to implement Iowa Code sections 508.36(~~34~~)*"a"*(1) and 508.36(~~34~~)*"a"*(3)(c).

TABLES AND APPENDICES RETAINED

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	1
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.