The Office of the Insurance Commissioner has implemented the 2017 Commissioner's Standard Ordinary (CSO) Mortality Tables as a new minimum valuation standard for life insurance products, effective January 1, 2017. These tables, developed by the American Academy of Actuaries and the Society of Actuaries, incorporate updated mortality data and feature separate rates for male and female lives, as well as distinctions for smokers and nonsmokers, applicable in both ultimate and select forms. Insurers may utilize these tables for policies issued from January 1, 2017, until January 1, 2020, after which they must be the minimum standard for all new policies. Insurers have the option to employ composite mortality tables for plans without separate smoker and nonsmoker rates, provided they comply with specific conditions regarding reserve liabilities and cash surrender values. Additionally, blended mortality tables may be substituted for ordinary life insurance policies under certain legal conditions where gender distinctions are not allowed. The regulation also clarifies the applicability of the 2017 CSO Mortality Tables to existing rules and mandates that the actuarial opinion in annual statements be based on an asset adequacy analysis, with potential exemptions for insurers operating solely in Washington.

Furthermore, the 2017 CSO preferred class structure mortality table includes both ultimate and select forms, with distinct mortality rates for smokers and nonsmokers, as well as composite tables that do not differentiate between the two. It features separate tables for female (2017 CSO mortality table (F)) and male (2017 CSO mortality table (M)) lives, applicable on both age-nearest-birthday and age-last-birthday bases. This preferred class structure encompasses rates for super preferred nonsmokers, preferred nonsmokers, residual standard nonsmokers, preferred smokers, and residual standard smokers, as adopted by the NAIC in April 2016. Insurers may choose to use this preferred class structure as a minimum valuation standard for policies issued from January 1, 2017, contingent upon obtaining consent from the commissioner and demonstrating that at least 20% of the business to be valued falls within preferred classes. The appointed actuary must certify that the present value of death benefits, based on anticipated mortality experience, is less than that derived from the corresponding valuation basic table for both the next ten years and the future life of the contracts. Insurers utilizing the preferred class structure are required to file annual statistical reports with the commissioner or a designated statistical agent, detailing mortality and other pertinent information. The use of this table for policies issued prior to January 1, 2017, is prohibited in statutory financial statements under specific conditions related to reinsurance premium payments. The regulation became effective on January 1, 2017.