



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
PO Box 325
TRENTON, NJ 08625-0325

RICHARD J. CODEY
Acting Governor

TEL (609) 292-5360

HOLLY C. BAKKE
Commissioner

BULLETIN NO. 04-26

**TO: ALL LIFE INSURANCE COMPANIES AND FRATERNAL
BENEFIT ORGANIZATIONS AUTHORIZED TO ISSUE
LIFE INSURANCE IN NEW JERSEY**

FROM: HOLLY C. BAKKE, COMMISSIONER

**RE: 2001 COMMISSIONER'S STANDARD ORDINARY
MORTALITY TABLE FOR USE IN DETERMINING
MINIMUM RESERVE LIABILITIES AND NON-
FORFEITURE BENEFITS**

The purpose of this Bulletin is to provide guidance to companies with respect to their submission of individual life forms in order to implement the use of the 2001 CSO Mortality Table pursuant to N.J.A.C. 11:4-27 et.seq. ("2001 CSO Mortality Table" includes all Appendicies to N.J.A.C. 11:4-27.)

The mortality table to be used for minimum reserve liabilities and non-forfeiture benefits is determined as of the issue date of the life insurance policy. N.J.A.C. 11:4-27 allows for the use of the 2001 CSO mortality table at the option of the company, as early as January 1, 2005. The company may elect to introduce the new table on a plan by plan basis or uniformly for all life insurance products. If a company elects to use the 2001 CSO Table, it must do so for both valuation and non-forfeiture.

Use of the 2001 CSO Table will be required for all life insurance policies effective on January 1, 2009 and thereafter.

Upon the approval or acknowledgement by the Department of any individual life form based upon the 2001 CSO Table, the company must discontinue the use of any comparable form for the 1980 CSO Table.

N.J.A.C. 11:4-24.4 sets standards for the use of smoker/non-smoker mortality tables in the case of juvenile insureds (for which the smoker/non-smoker table does not extend to all juvenile ages). Although "Smoker and nonsmoker mortality tables" as defined at N.J.A.C. 11:4-24.2 does not include the 2001 CSO Table, companies adopting the use of 2001 CSO Smoker/Non-Smoker Tables for one or more plans should follow the standards of N.J.A.C. 11:4-24.4 for juvenile issues for these plans. The Department intends to modify its rules to make N.J.A.C. 11:4-24.4 specifically applicable to the 2001 CSO Smoker/Non-Smoker tables.

Companies may immediately begin submitting new individual life form filings based upon the new mortality table to the Department for approval or acknowledgement for use on or after January 1, 2005.

The Department will review such filings in accordance with the following normal time frames: 60 days for new submissions and 30 days for re-submissions.

A company may submit a form filing to amend a previously approved individual life form which is based upon the 1980 CSO tables by submitting: 1) revised policy pages (with new distinct identifying form numbers); or 2) an amendment; or 3) an endorsement to modify the basis of computation and all related tables of values. Regardless of which submission is made, in all cases the submission must be accompanied by an updated actuarial memorandum.

The Department will review such form filing submissions on an expedited basis if: 1) the only change to the form is the change in the mortality table and related values; 2) the submission contains a cover letter with a specific statement to this effect; and 3) the submission contains a black-lined version of the approved form indicating changes. An expedited review will not be available for submissions that do not meet all of these conditions or that contain revisions in addition to the change in mortality table/related values.

Filings not reviewed on an expedited basis shall be reviewed in accordance with the Department's normal time frames as stated above.

Companies may also amend form filings that are under current review by the Department, or that are otherwise in a pending status, to implement the new table(s). To receive expedited treatment, the amendment to the filing

must include an updated actuarial memorandum that addresses the 2001 CSO Table, if not previously submitted, and satisfy all of the three enumerated conditions.

This Bulletin provides guidance on the most likely situations for companies wishing to make changes to their products to introduce the 2001 Mortality Table. It is not possible to address every possible variation in product design or filing status in this Bulletin. Companies are reminded that all form submissions shall be made in accordance with N.J.A.C. 11:4-40 et. seq.

Questions regarding this Bulletin may be faxed to 609-633-0527. Questions related to form filing or content aspects may also be directed to The Office of Life and Health at 609-292-5427, extension 50340.

Questions may also be submitted by mail to:

Office of Life and Health
New Jersey Department of Banking and Insurance
20 West State Street
PO Box 325
Trenton, NJ 08625-0325

12/8/04
Date

/s/ Holly C. Bakke
Holly C. Bakke, Commissioner

Inord/jdy04-01cso