

**Title 3. Commerce, Community, and Economic Development.**

**Part 2. Division of Insurance.**

**Chapter 23. Producers, Managing General Agents, Surplus Lines Brokers,  
Reinsurance Intermediary Managers, Reinsurance Intermediary Brokers,**

**Third Party Administrators, and Independent Adjusters.**

**Article 1. Licensing Requirements.**

3 AAC 23.140(2) is amended to read:

(2) a course, seminar, or program of instruction taken **and claimed for credit** more than once **in any two-year license period** [UNLESS THE DIRECTOR DETERMINES THAT SUBSTANTIAL NEW DEVELOPMENTS HAVE OCCURRED IN THE SUBJECT AREA AND INFORMATION ON THE NEW DEVELOPMENTS IS INCLUDED IN THE EDUCATIONAL PROGRAM SINCE THE LICENSEE FIRST ATTENDED THE PROGRAM];

3 AAC 23.140 is amended by adding a new paragraph to read:

(4) a course, seminar, or program of instruction taken but not listed for carryover credit on the licensee's previous license period application as provided under AS 21.27.020(f)(3). (Eff. 9/26/96, Register 139; am 12/28/2008, Register 188)

**Authority:** AS 21.06.090 AS 21.27.020

**Chapter 25. Surplus Lines – Unauthorized Insurers.**

3 AAC 25.100(d) is amended to read:

(d) A surplus lines broker shall use **the date the endorsement is invoiced** as **the** [A] transaction date for an endorsement that generates an increase or reduction in premium [AT THE EARLIEST OF THE FOLLOWING EVENTS:

- (1) WHEN THE PREMIUM IS QUOTED BY THE COMPANY AND ACCEPTED BY THE INSURED;
- (2) WHEN THE ENDORSEMENT IS INVOICED;
- (3) WHEN THE ENDORSEMENT IS RECEIVED FROM THE COMPANY].

3 AAC 25.100(e) is amended to read:

(e) A surplus lines broker shall pay a penalty to the division for the late filing of a monthly premium report according to the following rate schedule for filing after the due date requirement in AS 21.34.170 and (a) of this section:

- (1) one through 30 days late, \$100;
- (2) 31 through 60 days late, **\$200** [\$250];
- (3) more than 60 days late, **\$300** [\$750].

(Eff. 8/28/91, Register 119; am 3/11/98, Register 145; am 6/11/2006, Register 178; am 7/25/2008, Register 187; am 12/28/2008, Register 188)

**Authority:** AS 21.06.090 AS 21.34.170 AS 21.34.250

**Chapter 26. Trade Practices.**

**Article 7. Life Insurance Policy and Annuity Contract Replacements.**

3 AAC 26.795(f)(1) is amended to read:

(1) submit to the replacing insurer with the application for a life insurance policy or annuity contract **a statement that**

(A) [A STATEMENT THAT] the insurance producer used only the sales material approved by the replacing insurer; and

(B) copies of all sales material [THAT] were provided to the applicant as required by (d) of this section; and

(Eff. 7/25/2008, Register 187; am 12/28/2008, Register 188)

**Authority:** AS 21.06.090            AS 21.36.030            AS 21.36.050  
AS 21.36.020            AS 21.36.040            AS 21.36.150

**Chapter 28. Life, Health, Variable, and Related Insurance.**

**Article 7. Mortality Tables.**

3 AAC 28.620(a) is amended to read:

**3 AAC 28.620. Life mortality tables** [TABLE]. (a) **Except as provided in (g) of this section, the** [THE] 2001 CSO Mortality **Tables are** [TABLE IS] adopted by reference and **are** [IS] recognized for use under (b) and (c) of this section in determining the minimum standard of valuation for policies for which AS 21.18.110(b)(1)(A)(iii) and AS 21.45.300(t)(6) apply.

3 AAC 28.620(b) is amended to read:

(b) Subject to the conditions under (d), (e), and (f) of this section, an insurer may elect to use the 2001 CSO Mortality **Tables** [TABLE] as the minimum standard of valuation for policies issued on or after January 1, 2005 and before January 1, 2009 for which AS 21.18.110(b)(1)(A)(iii) and AS 21.45.300(t)(6) apply.

3 AAC 28.620(c) is amended to read:

(c) Subject to the conditions under (d), (e), and (f) of this section, an insurer shall use the 2001 CSO Mortality **Tables** [TABLE] in determining the minimum standard of valuation for policies issued on or after January 1, 2009 for which AS 21.18.110(b)(1)(A)(iii) and AS 21.45.300(t)(6) apply.

3 AAC 28.620 is amended by adding new subsections to read:

(g) For pre-need insurance policies that are issued on or after January 1, 2012 and similar policies and contracts, the Commissioner's 1980 Standard Ordinary Mortality Table without 10-year selection factors is, subject to (h) of this section, the minimum mortality standard for determining reserve liabilities and nonforfeiture values.

(h) An insurer may use the 2001 CSO Mortality Tables for pre-need insurance policies until January 1, 2012 as the minimum standard of valuation for determining reserve liabilities and nonforfeiture values if, as part of the insurer's actuarial opinion memorandum prepared under AS 21.18.110(q), the insurer submits an annual notification that includes

(1) a list of all pre-need policy forms that use the 2001 CSO Mortality Tables as the minimum standard;

(2) a certification signed by the appointed actuary stating that the reserve methodology employed by the company in determining reserves for pre-need policies using the 2001 CSO Mortality Tables as a minimum standard results in adequate reserves for the pre-need policies on a stand-alone basis; and

(3) supporting information regarding the adequacy of reserves for pre-need insurance policies using the 2001 CSO Mortality Tables as the minimum standard for reserve liabilities.

(i) For purposes of this section, a pre-need insurance policy is a life insurance policy or certificate that is issued in combination with, in support of, with an assignment to, or as a guarantee for a prearrangement for goods and services to be provided at the time of and immediately following the death of an the insured. Goods and services may include embalming, cremation, body preparation, viewing or visitation, a coffin or urn, a memorial stone, and transportation of the deceased. (Eff. 1/1/2005, Register 172; am 12/28/2008, Register 188)

**Authority:** AS 21.06.090 AS 21.18.160 AS 21.45.300

AS 21.18.110

**Editor's note:** The 2001 CSO Mortality Tables referenced in 3 AAC 28.620 may be obtained from the Society of Actuaries, 475 N. Martingale Road, Suite **600** [800], Schaumburg, Illinois **60173** [60173-2226]; telephone number (847) 706-3500.

3 AAC 28 is amended by adding a new section to read:

**3 AAC 28.630. 2001 CSO Preferred Class Structure Mortality Tables.** (a) At the election of an insurer, for each calendar year of issue, for any one or more specified plans of insurance and subject to the conditions set out in (b) and (c) of this section, the insurer may substitute, as the minimum valuation standard for policies issued on or after January 1, 2007, the 2001 CSO Preferred Class Structure Mortality Tables, which are adopted by reference, for the 2001 CSO smoker and nonsmoker mortality tables specified in 3 AAC 28.620. The insurer may not elect to use the 2001 CSO Preferred Class Structure Mortality Tables unless the insurer demonstrates that at least 20 percent of the business to be valued on those tables is in one or more preferred classes.

(b) For each plan of insurance with separate rates for preferred and standard nonsmoker lives, an insurer may use the super-preferred nonsmoker, preferred nonsmoker, and residual standard nonsmoker tables in place of the nonsmoker mortality table found in the 2001 CSO Mortality Tables to determine minimum reserves. At the time of election and annually thereafter, except for business valued under the residual standard nonsmoker table, the appointed actuary shall certify that

(1) the present value of death benefits over the next 10 years after the valuation date, using the anticipated mortality experience without recognition of mortality improvement beyond the valuation date for each class, is less than the present value of death benefits using the valuation basic table corresponding to the valuation table being used for that class; and

(2) the present value of death benefits over the future life of the contracts, using anticipated mortality experience without recognition of mortality improvement beyond the

valuation date for each class, is less than the present value of death benefits using the valuation basic table corresponding to the valuation table being used for that class.

(c) For each plan of insurance with separate rates for preferred and standard smoker lives, an insurer may use the preferred smoker and residual standard smoker tables in place of the smoker mortality table found in the 2001 CSO Mortality Tables to determine minimum reserves. At the time of election and annually thereafter, for business valued under the preferred smoker table, the appointed actuary shall certify that

(1) the present value of death benefits over the next 10 years after the valuation date, using the anticipated mortality experience without recognition of mortality improvement beyond the valuation date for each class, is less than the present value of death benefits using the preferred smoker valuation basic table corresponding to the valuation table being used for that class; and

(2) the present value of death benefits over the future life of the contracts, using anticipated mortality experience without recognition of mortality improvement beyond the valuation date for each class, is less than the present value of death benefits using the preferred smoker valuation basic table corresponding to the valuation table being used for that class.

(d) Unless exempted by the director, an insurer using the 2001 CSO Preferred Class Structure Mortality Tables shall annually file with the director, with the National Association of Insurance Commissioners, or with a statistical agent designated by the National Association of Insurance Commissioners and acceptable to the director, statistical reports showing mortality and other information that the director considers necessary or expedient for the administration of the provisions of this section. The director either will establish the form of the reports or will require

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the insurer to use a form established by the National Association of Insurance Commissioners or by a statistical agent designated by the National Association of Insurance Commissioners and acceptable to the director. (Eff. 12/28/2008, Register 188)

**Authority:** AS 21.06.090 AS 21.18.160 AS 21.45.300

AS 21.18.110

**Editor's note:** The 2001 CSO Preferred Class Structure Mortality Tables referenced in 3 AAC 28.630 may be obtained from the Society of Actuaries, 475 N. Martingale Road, Suite 600, Schaumburg, Illinois 60173; telephone number (847) 706-3500.

3 AAC 28.690(5) is amended to read:

(5) “2001 CSO Mortality **Tables** [TABLE]” means the mortality **tables** [TABLE] consisting of separate rates of mortality for male and female lives, developed by the American Academy of Actuaries Commissioners Standard Ordinary (CSO) Task Force and adopted by the National Association of Insurance Commissioners in December 2002; “2001 CSO Mortality **Tables** [TABLE]” includes the ultimate, select and ultimate, smoker, nonsmoker, and composite 2001 CSO Mortality Tables, as well as the age-nearest birthday and age-last birthday bases of the tables;

3 AAC 28.690(6) is amended to read:

(6) “female 2001 CSO Mortality Table” means the mortality table consisting of the rates of mortality for female lives from the 2001 CSO Mortality **Tables** [TABLE];

3 AAC 28.690(7) is amended to read:

(7) “male 2001 CSO Mortality Table” means the mortality table consisting of the rates of mortality for male lives from the 2001 CSO Mortality **Tables** [TABLE];

3 AAC 28.690 is amended by adding new paragraphs to read:

(10) “2001 CSO Preferred Class Structure Mortality Tables” means the mortality tables consisting of separate rates of mortality for super-preferred nonsmokers, preferred nonsmokers, residual standard nonsmokers, preferred smokers, and residual standard smoker splits of the 2001 CSO smoker and nonsmoker tables adopted by the National Association of Insurance Commissioners in September 2006 and published in the *NAIC Proceedings (3rd Quarter 2006)*; “2001 CSO Preferred Class Structure Mortality Tables” includes the ultimate, select and ultimate, smoker, nonsmoker, male, female, and composite 2001 CSO Mortality Tables, as well as the age-nearest birthday and age-last birthday bases of the mortality tables;

(11) “statistical agent” means an entity with

(A) proven systems for protecting the confidentiality of individual insured and insurer information;

(B) demonstrated resources for and a history of ongoing electronic communications and data transfer ensuring data integrity with insurers, which are its members or subscribers; and

(C) a history of and means for aggregation of data and accurate promulgation of the experience modifications in a timely manner. (Eff. 12/31/85,

Register 96; am 3/11/98, Register 145; am 1/1/2005, Register 172; am 12/28/2008, Register 188)

**Authority:** AS 21.06.090 AS 21.18.110 AS 21.18.160

**Editor's note:** The 1983 Table "a," the 1983 GAM Table, the Annuity 2000 Mortality Table, and the 1994 GAR Table referenced in 3 AAC 28.600, **the 2001 CSO Preferred Class Structure Mortality Tables referenced in 3 AAC.28.630,** and the 2001 CSO Mortality Tables referenced in 3 AAC 28.620 and 3 AAC 28.640[,] may be obtained from the Society of Actuaries, 475 N. Martingale Road, Suite **600** [800], Schaumburg, Illinois **60173** [60173-2226]; telephone number (847) 706-3500.

### **Chapter 31. Miscellaneous.**

#### **Article 1. Fees.**

3 AAC 31.050(a) is amended by adding a new paragraph to read:

(13) replacement of a lost certificate of authority, \$25.

(Eff. 6/2/88, Register 106; am 7/1/89, Register 110; am 8/15/90, Register 115; am 7/1/92, Register 123; am 2/2/94, Register 129; am 3/15/97, Register 141; am 1/30/2003, Register 165; am 8/8/2003, Register 167; am 12/28/2008, Register 188)

**Authority:** AS 21.06.090 AS 21.09.200 AS 21.85.030  
AS 21.06.250 AS 21.12.020 AS 21.85.040  
AS 21.09.130 AS 21.85.010 AS 21.85.100