

NOTICE OF PROPOSED CHANGES IN THE
REGULATIONS OF THE DIVISION OF INSURANCE

BRIEF DESCRIPTION

The Division of Insurance proposes to adopt regulations to incorporate by reference an updated mortality table so that insurers will maintain reasonably conservative reserves. The new mortality table developed by the Society of Actuaries is a "generational" table containing factors that adjust the mortality rates annually based on expected mortality improvements. The National Association of Insurance Commissioners (NAIC) adopted the table in its revisions to its model regulation.

The Division of Insurance proposes to adopt regulation changes in Title 3 of the Alaska Administrative Code, dealing with annuity mortality tables including the following:

3 AAC 28.600 – 3 AAC 28.619 dealing with individual and group annuity mortality tables is organized in a manner similar to the NAIC model regulation (MDL 821). Consistency with the national standard promotes uniformity among the states and is more user friendly for insurers as they will be familiar with the format.

3 AAC 28.600 is repealed and readopted to identify the mortality tables adopted by reference by the division and recognized for use in determining the minimum standard of evaluation for annuity and pure endowment contracts. Included is the new 2012 Individual Annuity Reserve Table (2012 IAR Table).

New sections are proposed as follows:

3 AAC 28.605 identifies the mortality tables to be used for individual or pure endowment contracts.

3 AAC 28.607 identifies the mortality tables to be used for individual or pure endowment contracts.

3 AAC 28.611 sets forth the application of the 2012 IAR Table.

3 AAC 28.619 is a separability provision.

Existing section 3 AAC 28.690, the definitions section, is amended by adding definitions for the terms "period", "Period table", "Generational mortality table", "2012 IAR Table", "2012 IAM Table", and "Projection Scale G2". The section also includes an appendix relating to the 2012 IAM Table and an appendix relating to the Projection Scale G2.

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed action, by submitting written comments to the Division of Insurance; Attention: Katie Campbell; P.O. Box 110805; Juneau, AK 99811-0805 or by e-mail to katie.campbell@alaska.gov; or by fax to (907) 465-3422. Comments may also be submitted through the Alaska Online Public Notice System at <http://aws.state.ak.us/OnlinePublicNotices>. All comments must be received **no later than 5:00 p.m., Alaska Daylight Time, October 29, 2014.**

Oral or written comments also may be submitted at a hearing to be held on **Wednesday, October 22, 2014** in conference room B which is on the ninth floor of the State Office Building located at 333 Willoughby Ave., Juneau, Alaska. The hearing will be held from **10:30 a.m. to 11:00 a.m., ADT**, and may be extended to accommodate those present before 11:00 a.m. who may not have had the opportunity to comment. If you are unable to attend the meeting in person and would like to participate by teleconference, please call 1-800-315-6338 and enter the access code 42070 followed by # (pound sign).

If you are a person with a disability who needs a special accommodation in order to participate in the process, please contact Tonya Essary at (907) 465-2597 or TDD (907) 465-5437 no later than **October 20, 2014** to ensure that any necessary accommodations can be provided.

For a copy of the proposed regulation changes, please contact the Division of Insurance by telephoning (907) 269-7900 in Anchorage or (907) 465-2515 in Juneau, or via the Internet at <http://commerce.alaska.gov/dnn/ins/HearingsMeetingsandNotices>.

After the public comment period ends, the Division of Insurance will either adopt these or other provisions dealing with the same subject, without further notice, or decide to take no action on them. The language of the final regulations may be different from that of the proposed regulations. **YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED.** Written comments received are public records and are subject to public inspection.

Statutory Authority: AS 21.06.090; AS 21.18.110; AS 21.18.160

Statutes Being Implemented, Interpreted, or Made Specific: AS 21.42.110.

Fiscal Information: This action is not expected to require an increased appropriation.

DATE: September 17th, 2014.



Lori Wing-Heier
Director of Insurance

**FORM FOR ADDITIONAL REGULATIONS
NOTICE INFORMATION
(AS 44.62.190(d))**

1. **Adopting agency:** Dept. of Commerce, Community, and Economic Development, Division of Insurance
2. **General subject of regulation:** Annuity Mortality Tables
3. **Citation of regulation (may be grouped):** 3 AAC 28.600 – 3 AAC 28.619, and 3 AAC 28.690
4. **Reason for the proposed action:**
 compliance with federal law
 compliance with new or changed state statute
 compliance with court order
 development of program standards
 other: updating regulation consistent with NAIC model regulation (MDL 281)
5. **RDU/component affected:** Public Protection/Insurance
6. **Cost of implementation to the Division of Insurance and available funding (in thousands of dollars):**

	Initial Year FY 14	Subsequent Years
Operating Cost	\$ -0-	\$ -0-
Capital Cost	\$ -0-	\$ -0-
Federal receipts	\$ -0-	\$ -0-
General fund match	\$ -0-	\$ -0-
General fund	\$ -0-	\$ -0-
General fund/ program receipts	\$ -0-	\$ -0-
General fund/mental health	\$ -0-	\$ -0-
Other funds (specify)	\$ -0-	\$ -0-

7. **Contact person for the regulations:**

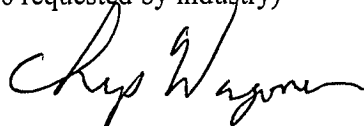
Katie Campbell
Actuary
Division of Insurance
P.O. Box 110805
Juneau, AK 99811-0805

Telephone: 907/465-4607
Fax: 907/465-3422

8. **The origin of the proposed action:**

- staff of the state agency
 federal government
 general public
 petition for regulation change
 other (also requested by industry)

9. **Prepared by:**



Name (typed): Chip Wagoner
Title (typed): Regulations Specialist II
Telephone: 907/465-8486
Date: September 4, 2014