



# CSO Mortality Tables Update

**Brian Bayerle**

Senior Actuary, ACLI

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## Agenda

- General and prior process for updates
- Current process – NAIC Valuation Manual
- Role of IIPRC
- Potential challenges - 2017 CSGI Table example
- Future considerations



## General Process

- Society of Actuaries routinely develops new mortality tables to be used for reserving and non-forfeiture purposes
- Regulators at the National Association of Insurance Commissioners approve new Commissioner Standard Ordinary (CSO) Mortality Tables



## Prior Process

- State by state approach
- 26 state threshold before effective, uncertain timing due to regulatory or legislative process
- 3-year transition, statutory and tax mortality tables didn't always align (e.g., 2001 CSO)



## Current Process

- Revised Standard Valuation Law created NAIC Valuation Manual, which stipulates CSO tables
- All states have now adopted, so once updated Valuation Manual approved, CSO table updates are “automatic”
- Requirements would apply for future years with time for implementation




## Current Process

- 2017 CSO Tables – effective 1/1/2017, required 1/1/2020 under Valuation Manual
- Almost uniform implementation – AK, DC, MA, NY adopted revised Standard Valuation Law after 1/1/2017, so dates vary



## Role of IIPRC

- Valuation Manual permits table for individual state filing submissions
- Interstate Insurance Compact must still approve table for Compact filing
- Filing Information Notice FIN 2016-1 allowed 2017 CSO under The Compact



## Potential Challenges – 2017 CSGI example

- Regulators approved 2017 CSGI Table for guaranteed issue products (as defined by Valuation Manual)
- Table would have been required 1/1/2020
- In 2019, companies raised concerns with 2017 CSGI
- Regulators reverted to 2001 CSO Table, and working towards permanent solution





## Future Considerations

- Trends in general population showing mortality deterioration
- Driven by slowdown in improvements in outcomes related to heart diseases and increases in death associated with opioids and suicide
- Unclear the impact to insured population, could potentially lead to worse mortality in future tables



Any Questions?