

**ADOPTED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R113-04

Effective January 1, 2005

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: §§1 and 2, NRS 679B.130, 681B.120 and 688A.325.

A REGULATION relating to life insurance; adopting by reference a model regulation of the National Association of Insurance Commissioners recognizing, permitting and prescribing the use of the 2001 Commissioners Standard Ordinary Mortality Table under certain circumstances; and providing other matters properly relating thereto.

Section 1. Chapter 688A of NAC is hereby amended by adding thereto a new section to read as follows:

1. For the purposes of NRS 681B.120 and 688A.325 and NAC 681B.161, and except as otherwise provided in this section, the Commissioner hereby adopts by reference the Recognition of the 2001 CSO Mortality Table for Use in Determining Minimum Reserve Liabilities and Nonforfeiture Benefits Model Regulation as adopted by the National Association of Insurance Commissioners on December 8, 2002.

2. Any reference in the Model Regulation to:

(a) “Section 4A(c) of the Standard Valuation Law” shall be deemed a reference to “subparagraph (3) of paragraph (a) of subsection 2 of NRS 681B.120.”

(b) “Section 5cH(6) of the Standard Nonforfeiture Law for Life Insurance” shall be deemed a reference to “paragraph (f) of subsection 8 of NRS 688A.325.”

(c) *The “Valuation of Life Insurance Policies Model Regulation” or “Valuation of Life Insurance Model Regulation” shall be deemed a reference to “NAC 681B.161.”*

(d) *“Section 8 of the NAIC Model Standard Valuation Law” shall be deemed a reference to “NRS 681B.150.”*

(e) *“Section 5A of the Actuarial Opinion and Memorandum Regulation” shall be deemed a reference to “NAC 681B.175.”*

(f) *An “unfair trade practices statute” shall be deemed a reference to “NRS 686A.100.”*

3. *A copy of the Recognition of the 2001 CSO Mortality Table for Use in Determining Minimum Reserve Liabilities and Nonforfeiture Benefits Model Regulation may be obtained from the Insurance Products and Services Division of the National Association of Insurance Commissioners, 2301 McGee Street, Suite 800, Kansas City, MO 64108-2662, for the price of \$50, and is available, free of charge, on the Internet at <www.naic.org>.*

4. *The 2001 CSO Mortality Table is set forth in the Proceedings of the NAIC (2nd Quarter 2002). A copy of this publication may be obtained from the Insurance Products and Services Division of the National Association of Insurance Commissioners, 2301 McGee Street, Suite 800, Kansas City, MO 64108-2662, for the price of \$200.*

Sec. 2. This regulation becomes effective on January 1, 2005.

**NOTICE OF ADOPTION OF PROPOSED REGULATION
LCB File No. R113-04**

The Commissioner of Insurance adopted regulations assigned LCB File No. R113-04 which pertain to chapter 688A of the Nevada Administrative Code on October 23, 2004.

Notice date: 7/2/2004
Hearing date: 9/30/2004

Date of adoption by agency: 10/23/2004
Filing date: 11/24/2004

INFORMATIONAL STATEMENT

A hearing was held on September 30, 2004, at the offices of the Department of Business and Industry, Division of Insurance (Division), 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, with a simultaneous video-conference conducted at the Bradley Building, 2501 E. Sahara Avenue, Manufactured Housing Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104, regarding the adoption of the regulation concerning the 2001 CSO Mortality Table for use in determining minimum reserve liabilities and nonforfeiture benefits.

Public comment was solicited by posting notice of the hearing in the following public locations: 788 Fairview Drive, Legislative Counsel Bureau, Capitol Building Lobby, Blasdel Building, Carson City Courthouse, State Library, Clark County Library, Capitol Press Room and the Division's Las Vegas Office.

In addition, the Division maintains a list of interested parties, comprised mainly of insurance companies, agencies and other persons regulated by the Division. These persons were notified of the hearing and that copies of the regulation could be obtained from or examined at the offices of the Division in Carson City.

The hearing was attended by five individuals. Ms. Terri Chambers, representing the Division, provided oral testimony. Mr. Fred Hillerby, representing the American Council of Life Insurers, provided additional comments in support of the proposed regulation. There were no other speaking participants. The Division received two written comments that were discussed during the hearing. There were no revisions recommended or made to the Proposed Regulation of LCB File No. R113-04, dated September 14, 2004.

The Commissioner has issued an order adopting the regulation as a permanent regulation of the Division.

The economic impact of the regulation is as follows:

- (a) On the business it is to regulate:
The regulation will cause no long-term or short-term adverse economic effects.
- (b) On the public:
The regulation will cause no long-term or short-term adverse economic effects.

The Division anticipates no additional cost to enforce the proposed regulation.

The Division is not aware of any overlap or duplication of the regulation with any state, local or federal regulation.

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

IN THE MATTER OF THE

CAUSE NO. **04.266**
LCB File No. **R113-04**

**REGULATION REGARDING MEDICARE
SUPPLEMENT POLICIES.**

**SUMMARY OF PROCEEDINGS
AND ORDER**

SUMMARY OF PROCEEDINGS

A public workshop, as required by NRS 233B.061, on the proposed regulation relating to life insurance mortality tables was held before Alice A. Molasky-Arman, Commissioner of Insurance (Commissioner), on September 30, 2004, in Carson City, Nevada, at the offices of the Department of Business and Industry, Division of Insurance (Division), 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, with a simultaneous video-conference at the Bradley Building, 2501 E. Sahara Avenue, Manufactured Housing Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104. The regulation is proposed under the authority of NRS 679B.130, 681B.120, and 688A.325.

The hearing was attended by five individuals. The following persons provided testimony before the Hearing Officer: Ms. Terri Chambers, representing the Division. The Division received two written comments which were discussed during the hearing.

Terri Chambers testified that the intent of the regulation was to adopt, by reference, the National Association of Insurance Commissioner's (NAIC) model, and to recognize, permit, and prescribe the use of the 2001 Commissioner's Standard Ordinary (CSO) Mortality Table for use in determining minimum reserve liabilities and nonforfeiture benefits.

Commissioner Molasky-Arman asked if there were any comments. Mr. Fred Hillerby, representing the American council of Life Insurers, stated that he supported the regulation as

proposed. The Commissioner then directed staff to prepare the informational statement and the order adopting this regulation.

Based upon the testimony received at the hearing, the regulation is unchanged from the proposed regulation.

ORDER OF THE COMMISSIONER

Having reviewed the record in this matter, it is hereby ordered that the proposed regulation concerning the 2001 CSO Mortality Table for use in determining minimum reserves liabilities and nonforfeiture benefits, LCB File No. R113-04, be adopted as a permanent regulation of the Division.

SO ORDERED this 23rd day of October, 2004.

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance