



**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

INSURANCE BULLETIN 08-02: Life Insurance Actuarial Issues
ISSUED February 7, 2008 (REVISED October 24, 2008)

To: All Life Insurers
From: Linda Bohrer, Director, Insurance Market Regulation Division
Fred Heese, Director, Insurance Company Regulation Division
Re: Life Insurance Actuarial Issues

The purpose of this bulletin is to clarify some of the laws affecting life insurance policies issued in the State of Missouri, as well as to remind carriers of certain provisions in the law. It is important that carriers have specific, consistent guidance on these issues that are of special concern to Missouri, including those resulting from administrative and other differences among states.

Rescinded and Inoperative

1) Universal Life Interest Rates

The valuation interest rate for a life insurance policy must not exceed its nonforfeiture interest rate. (See RSMo §376.380.1(2)(f)). Nonforfeiture interest rates for universal life policies do not need to equal guaranteed cash value accumulation rates. Before changing the valuation interest rate for newly issued policies, i.e., in response to changes in maximum permissible valuation interest rates, actuaries must assure that nonforfeiture compliance is maintained, e.g., for expense allowances, surrender charges, and smoothness.

2) Reserves for Life Insurance with Limited Underwriting

The 2001 CSO Mortality Table is not generally adequate for statutory reserves for pre-need, funeral, credit, and simplified or guaranteed issue life insurance. Reserves for those types of life insurance issued based upon limited underwriting must not be based upon the 2001 CSO Mortality Table without modification unless justified by credible experience as attested by a specifically qualified actuary, i.e., a Member of the American Academy of Actuaries (MAAA), in accordance with all applicable Actuarial Standards of Practice (ASOPs) promulgated by the Actuarial Standards Board (ASB). (See RSMo §376.380.)

Any questions should be addressed to:

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