



# State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor  
Sean Dilweg, Commissioner

Wisconsin.gov

May 28, 2009

**Legal Unit**  
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REPORT ON Section Ins 2.81, Wis. Adm. Code, relating to use of the 1980 CSO Standard Ordinary Life Valuation Mortality Table in determining the minimum standard of valuation reserves and the minimum standard nonforfeiture values for preneed funeral life insurance products

**Clearinghouse Rule No. CR 09-027**  
Submitted Under s. 227.19 (3), Stats.

(The proposed rule-making order is attached.)

**(a) A detailed statement of basis for the proposed rule and how the rule advances relevant statutory goals or purposes:**

Section Ins 2.81, Wis. Adm. Code, sets forth the requirements for use of the 2001 commissioners standard ordinary (CSO) mortality table by insurers, meeting prescribed conditions, in determining minimum reserve liabilities and minimum nonforfeiture values, which may be used for policies issued on or after January 1, 2005, and before January 1, 2009, and which shall be used for policies issued on or after January 1, 2009. Research completed by the Deloitte University of Connecticut Actuarial Center commissioned by the Society of Actuaries as a part of a study of preneed mortality, determined that the 2001 CSO Mortality Table produces inadequate reserves for policies issued to fund funeral services and expenses. The proposed rule provides that for determining the minimum mortality standard for determining reserve liabilities and nonforfeiture values for funeral policies as defined in s. 632.415, Stats., insurers shall use the 1980 commissioners standard ordinary (CSO) mortality table, in order to maintain adequate reserves. Insurers may elect to use the 2001 CSO mortality table for funeral policies issued on or after January 1, 2009, and before January 1, 2012, provided the insurer certifies to the commissioner with supporting information that the reserve methodology employed by the insurer using the 2001 CSO mortality table as a minimum standard develops adequate reserves.

**(b) Summary of the public comments and the agency's responses to those comments:**

None

**(c) An explanation of any modifications made in proposed rule as a result of public comments or testimony received at a public hearing:**

None

**(d) Persons who appeared or registered regarding the proposed rule:**

**Appearances for:**

None

**Appearances against:**

None

**Appearances for information:**

None

**Registrations for:**

None

**Registrations against:**

None

**Registrations neither for nor against:**

None

**Letters received:** Michael J. Villa on behalf of Homesteaders Life Company.  
Connie O'Connell on behalf of WCLI in favor of rule.

**(e) An explanation of any changes made to the plain language analysis of the rule under s. 227.14 (2), Stats., or to any fiscal estimate prepared under s. 227.14 (4), Stats.**

None

**(f) The response to the Legislative Council staff recommendations indicating acceptance of the recommendations and a specific reason for rejecting any recommendation:**

All recommendations were complied with and corrected.

**(g) The response to the report prepared by the small business regulatory review board:**

The small business regulatory review board did not prepare a report.

**(h) Final Regulatory Flexibility Analysis**

A Final Regulatory Flexibility Analysis is Not Required because the rule will not have a significant economic impact on a substantial number of small businesses.

**(i) Fiscal Effect**

See fiscal estimate attached to proposed rule.

Attachment: Legislative Council Staff Recommendations  
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