

Original: 2351



C. BRYAN COX
SENIOR LEGISLATIVE DIRECTOR, STATE RELATIONS
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2003 SEP 29 AM 9:53

INDEPENDENT REGULATORY
REVIEW COMMISSION

September 23, 2003

Mr. Peter J. Salvatore
Regulatory Coordinator
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

Re: Proposed Regulation: 31 PA Code Ch. 84d: 2001 CSO Mortality Table

Dear Mr. Salvatore:

This letter is written on behalf of the American Council of Life Insurers (ACLI), a national trade association whose 385 life insurance company members account for 76% of the life insurance and 75% of the annuity considerations written in the United States. ACLI member companies account for approximately 71% of the life insurance premiums and 80% of the annuity considerations in the state of Pennsylvania. We appreciate the opportunity to comment on Pennsylvania's proposed regulation 31 PA Code Ch. 84d, regarding the 2001 CSO Mortality Table.

We are pleased to express our support for the adoption of the 2001 CSO Mortality Table in Pennsylvania.

This Table was developed for the National Association of Insurance Commissioners by the Society of Actuaries and the American Academy of Actuaries to replace the 1980 CSO Table. ACLI worked closely with these organizations in developing the Table, and believes that it represents a fair standard with which life insurance companies can effectively and accurately measure their reserve liabilities as well as establish standards for minimum cash surrender values and paid-up insurance benefits that are provided in life insurance contracts.

If you have any questions concerning this matter, you may contact me. Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in cursive script that reads 'Bryan Cox'. The signature is written in black ink and is positioned above the printed name of the sender.

C. Bryan Cox

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Comments on the regulation listed below have been received from the following:

<i>Reg #</i>	<i>Regulation Title</i>
<i>11-218</i>	<i>Mortality Tables Used in Determining Nonforfeiture Standards and Minimum Standards for Valuation</i>

Mr. John Doubman

Date Received *09/30/2003* Date Sent To Cmtes/IRRC *09/30/2003*

Secretary and Counsel

Insurance Federation of Pennsylvania, Inc.

1600 Market St.

Philadelphia, PA 19103

Letter Co-Author

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INSURANCE REGULATORY
REVIEW COMMISSION

John R. Doubman
Secretary & Counsel

September 29, 2003

Peter J. Salvatore,
Regulatory Coordinator
Special Projects Office
1326 Strawberry Square
Harrisburg, PA 17120

**Re: Recognition of 2001 CSO Mortality Table
Chapter 84D, Fiscal Note 11-218**

Dear Mr. Salvatore:

The Insurance Federation is pleased to report that its member companies unanimously support the adoption of the captioned regulation noticed in the August 30 Pennsylvania Bulletin. Having scrutinized the regulation very carefully, however, several of our companies commented principally on the formatted preamble under Commissioner Koken's name which precedes and explains the development of the regulation rather than on the regulation itself. I pass these comments on to you.

One commentator wondered whether Commissioner Koken should be identified by name in the fourth line from the end of the first paragraph when referring to her UIPA determination.

One commentator observed that the only sentence in the third paragraph under "Purpose" refers to the table as "recognizing current mortality." He notes that it would be more actuarially precise to say "recognizing updated mortality." Since the table was set high enough to cover most companies' expected mortality and contains the additional loads and margins appropriate for a valuation

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table, he notes that for most companies the 2001 CSO mortality will be higher than expected mortality.

One commentator noted that the last sentence under "Explanation of Regulatory Requirements" should read "UIPA" not "UUIPA."

One commentator wondered whether the second sentence under "General Public" should refer to the "2001 CSO table" rather than to the "1980 CSO table."

One commentator noted that the index of sections at the beginning of the regulation in Annex A should reflect "Purpose" as the content of Section 84d.1 and "Definitions" as the content of Section 84d.2, rather than the way it appears.

I believe the ACLI, with whom the Federation sometimes combines its comments, is replying separately indicating its support for the regulation.

Thank you for considering our suggestions. If you have any comments or questions, please give me a call.

Very truly yours,

John R. Doubman

c: Robert E. Nyce, Executive Director
Independent Regulatory Review Commission

Gibson Armstrong
Chairman, Senate Banking and Insurance Committee

Nicholas A. Micozzie
Chairman, House Insurance Committee