**Section 1412.40 Conditions**

a) For each plan of insurance with separate rates for smokers and nonsmokers, an insurer may use:

1) Composite mortality tables to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits;

2) Smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by Section 223(3)(f) of the Code and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values and amounts of paid-up nonforfeiture benefits; or

3) Smoker and nonsmoker mortality to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

b) For plans of insurance without separate rates for smokers and nonsmokers, the composite mortality tables shall be used.

c) For the purpose of determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits, the 2001 CSO Mortality Table may, at the option of the company for each plan of insurance, be used in its ultimate or select and ultimate form, subject to the restrictions of Section 1412.50 of this Part and 50 Ill. Adm. Code 1409 relative to use of the select and ultimate form.

d) When the 2001 CSO Mortality Table is the minimum reserve standard for any plan for a company, the actuarial opinion in the annual statement filed with the Director shall be based on an asset adequacy analysis in conformance with Section 223(1b) of the Code. The Director may exempt a company from this requirement if it only does business in this State and in no other state.

(Source: Amended at 42 Ill. Reg. 14246, effective July 12, 2018)