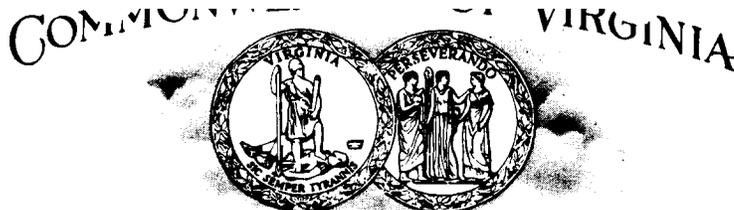


JAMES M. THOMSON
COMMISSIONER OF INSURANCE

THOMAS S. NARDO
FIRST DEPUTY COMMISSIONER



BOX 1157
RICHMOND, VA. 23209
TELEPHONE (804) 786-374

STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

December 18, 1986

Administrative Letter
1986-22

TO: All Companies Licensed To Write Life Insurance in Virginia

RE: 1980 Smoker/Nonsmoker Mortality Tables for Use in Determining
Minimum Reserve Liabilities and Nonforfeiture Benefits

The Bureau of Insurance has recently conducted an in-depth review of Section 38.2-3130.1 of the Code of Virginia as it pertains to the acceptance of the 1980 Smoker/Nonsmoker Mortality Tables.

Prior to this date we have inadvertently approved some forms based on these tables, although these mortality tables have not been approved by regulation promulgated by the State Corporation Commission as required by Section 38.2-3130.1(iii) of the Code of Virginia. Since discovering that some insurers had submitted policy forms that were based on these tables, the Bureau of Insurance has either disapproved or, in some cases, withdrawn approval of such forms. As this has worked a hardship on some companies, we are notifying all companies of a change in our method of handling these filings.

As of the date of this letter, we are notifying all companies that the Bureau of Insurance will conditionally approve policy forms permitting the use of mortality tables that reflect differences in mortality between smokers and nonsmokers as set forth in the NAIC model rule contained in the 1984 NAIC proceedings. This conditional approval will be contingent upon compliance with the conditions to be set forth in the regulation to be promulgated by the State Corporation Commission permitting the use of the smoker/nonsmoker tables. This regulation is scheduled for a hearing by the State Corporation Commission on January 29, 1987 and will be promulgated sometime after that date. Any policy forms approved during this conditional approval period which do not comply with the regulation when it becomes effective, will have their approval withdrawn 30 days following the effective date of the regulation pursuant to Section 38.2-316 of the Code of Virginia.

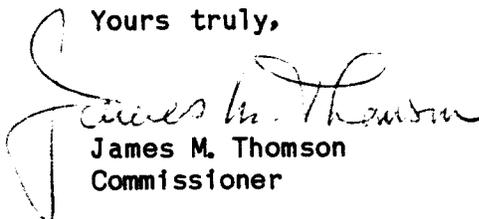
The Bureau of Insurance, commencing immediately, will consider for conditional approval any forms disapproved or withdrawn prior to the date hereof if such action was based solely upon use of the above tables. Any company desiring reconsideration of forms which have been disapproved or had their approval withdrawn is requested to notify us that they wish to have us reconsider the forms.

Those forms that use these tables and were inadvertently approved and have not been discovered may continue to be used until 30 days after the promulgation of the regulation. At that time, approval will be withdrawn if the forms are not in compliance with this regulation and they may not thereafter be marketed in Virginia.

Should there be any questions concerning this letter please contact:

Robert L. Wright, CLU
Supervisor, Forms and Rates Section
Life and Health Division
P. O. Box 1157
Richmond, Virginia 23209
(804) 786-9074

Yours truly,



James M. Thomson
James M. Thomson
Commissioner

JMT/rlw/ds