

**Economic Impact Statement**  
LSA Document #06-491

**IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses**

The proposed rule addresses reserves to be held by insurance companies writing life insurance. The existing mortality tables ([760 IAC 1-35](#)) do not make allowances for preferred mortality underwriting classes and are therefore conservative for policies issued to preferred lives. The preferred class structure allowed by this proposed rule has three nonsmoker classes and two smoker classes. The Society of Actuaries and the American Academy of Actuaries have approved the use of these tables. The proposed rule is based upon the model regulation adopted by the National Association of Insurance Commissioners in late 2006. The rule will impact life insurance companies. There are 43 Indiana domestic life insurance companies. Most do not qualify as small businesses. At the most, 18 of these companies may be small businesses.

**Estimated Average Annual Administrative Costs That Small Businesses Will Incur:**

There are no regulatory costs associated with this proposed rule.

**Estimated Total Annual Economic Impact on Small Businesses:**

The overall impact of this rule is positive to life insurance companies as it allows a more realistic reserve to be held for this type of policy.

**Regulatory Flexibility Analysis of Alternative Methods:**

The department determined that adoption of the model standards issued by the National Association of Insurance would be the most efficient for the marketplace. The standards are uniform so that there is no additional cost for doing business in Indiana.

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