§ 1.807–1 Mortality and morbidity tables.

(a) Tables to be used. If there are no commissioners’ standard tables applicable to an insurance contract when the contract is issued, then the mortality and morbidity tables set forth in this subsection are used to compute reserves under section 807(d)(2) for the contract.

| Type of Contract | 1960 Commissioners’ Standard Group Mortality Table. 1959 Accidental Death Benefits Table. Same table as are applicable to males for ordinary life insurance. The tables of period 2 disability rates and the 1930 to 1950 termination rates of the 1952 Disability Study of the Society of Actuaries. The 1930 to 1950 termination rates of the 1952 Disability study of the Society of Actuaries. Same tables as are applicable to group annuities. 1970 Intercompany Group life Disability Valuation Table. 1998 Commissioners’ Extended Term Table. Same tables as are applicable to individual immediate annuities. Tables used for NAIC annual statement reserves as of December 31, 1983. | 1964 Commissioners’ Disability Tables. 1985 Commissioners’ Individual Disability Table A or Commissioners’ Individual Disability Table B. 1959 Accidental Death Benefits Tables. Tables used for NAIC annual statement reserves. 1964 Commissioners’ Disability Tables. 1985 Commissioners’ Individual Disability Table A or Commissioners’ Individual Disability Table B. Tables used for annual statement reserves. |

(b) Adjustments. An appropriate adjustment may be made to the tables in paragraph (a) of this section to reflect risks (such as substandard risks) incurred under the contract which are not otherwise taken into account.

(c) Special rule where more than 1 table or option applicable. If, with respect to any category of risks, there are 2 or more tables (or options under 1 or more tables) in paragraph (a) of this section, the table (and option thereunder) which generally yields the lowest reserves shall be used to compute reserves under section 807(d)(2) for the contract.

(d) Effective date. This section is effective for taxable years beginning after December 31, 1983, except that the 1985 Commissioners’ Individual Disability Tables A and B shall be treated (for purposes of section 807(d)(5)(B) and for purposes of determining the issue dates of contracts for which they shall
be used) as if the tables were new prevailing commissioners' standard tables adopted by the twenty-sixth State on December 26, 1989.


§ 1.807–2 Cross-reference.

For special rules regarding the treatment of modified guaranteed contracts (as defined in section 817A and § 1.817A–1(a)(1)), see § 1.817A–1.

[T.D. 9058, 68 FR 24350, May 7, 2003]

GAIN AND LOSS FROM OPERATIONS

§ 1.809–1 Taxable years affected.

Sections 1.809 through 1.809–8, except as otherwise provided therein, are applicable only to taxable years beginning after December 31, 1957, and all reference to sections of part I, subchapter L, chapter 1 of the Code are to the Internal Revenue Code of 1954, as amended by the Life Insurance Company Income Tax Act of 1959 (73 Stat. 112), the Act of June 27, 1961 (75 Stat. 120), the Act of October 10, 1962 (76 Stat. 808); the Act of October 23, 1962 (76 Stat. 1134), and section 214(b)(4) of the Revenue Act of 1964 (78 Stat. 55).

[T.D. 6992, 34 FR 827, Jan. 18, 1969]

§ 1.809–2 Exclusion of share of investment yield set aside for policyholders.

(a) In general. Section 809 provides the rules for determining the gain or loss from operations of a life insurance company, which amount is necessary to determine life insurance company taxable income. In order to determine gain or loss from operations, a life insurance company must first determine the share of each and every item of its investment yield (as defined in section 804(c) and paragraph (a) of § 1.804–4) set aside for policyholders (as computed under section 809(a)(1) and paragraph (b) of this section), as this share is excluded from gain or loss from operations (as defined in section 809(b)(1) and (2) and paragraphs (a) and (b) of § 1.809–3, respectively). The life insurance company shall then add its share of each and every item of its investment yield to the sum of the items comprising gross amount (as described in section 809(c) and paragraph (a) of § 1.809–4). In addition, the life insurance company shall, for taxable years beginning after December 31, 1961, add the amount (if any) by which its net long-term capital gain exceeds its net short-term loss. From the sum so computed (which includes the capital gains item only for taxable years beginning after December 31, 1961) there shall then be subtracted the deductions provided in section 809(d) and paragraph (a) of § 1.809–5. The amount thus obtained is the gain or loss from operations for the taxable year.

(b) Computation of share of investment yield set aside for policyholders. Section 809(a)(1) provides that the share of each and every item of investment yield (including tax-exempt interest, partially tax-exempt interest, and dividends received) of any life insurance company set aside for policyholders shall not be included in gain or loss from operations. For this purpose, the percentage used in determining the share of each of these items comprising the investment yield set aside for policyholders shall be determined by dividing the required interest (as defined in section 809(a)(2) and paragraph (d) of this section) by the investment yield (as defined in section 804(c) and paragraph (a) of § 1.804–4). The percentage thus obtained is then applied to each and every item of the investment yield so that the share of each and every item of investment yield set aside for policyholders shall be excluded from gain or loss from operations. However, if in any case the required interest exceeds the investment yield, then the share of any item set aside for policyholders shall be 100 percent.

(c) Computation of life insurance company’s share of investment yield. For purposes of subpart C, part I, subchapter L, chapter 1 of the Code, section 809(b)(3) provides that the percentage used in determining the life insurance company’s share of each and every item of investment yield (including tax-exempt interest, partially tax-exempt interest, and dividends received) shall be obtained by subtracting the percentage obtained under paragraph (b) of this section from 100 percent. For example, if the policyholders’ percentage (as determined