**Section 1406.100 Annual Certifications**

a) The Board of Directors of each insurer shall appoint one or more illustration actuaries.

b) The illustration actuary shall certify that the disciplined current scale used in illustrations is in conformity with the Actuarial Standard of Practice No. 24, Compliance with the NAIC Life Insurance Illustrations Model Regulation promulgated by the Actuarial Standards Board (ASB), as of December 2016 (no subsequent dates or editions), 1850 M Street NW, Suite 300, Washington DC 20006; website http://www.actuarialstandardsboard.org/), and that the illustrated scales used in insurer-authorized illustrations meet the requirements of this Part.

c) The illustration actuary shall:

1) Be a member of the American Academy of Actuaries;

2) Be familiar with the standard of practice regarding life insurance policy illustrations;

3) Not have been found by the Director, following appropriate notice and hearing, to have:

A) Violated any provision of, or any obligation imposed by, the insurance law or other law in the course of his or her dealings as an illustration actuary;

B) Been found guilty of fraudulent or dishonest practices;

C) Demonstrated his or her incompetence, lack of cooperation, or untrustworthiness to act as an illustration actuary; or

D) Resigned or been removed as an illustration actuary within the past 5 years as a result of acts or omissions indicated in any adverse report on examination or as a result of a failure to adhere to generally acceptable actuarial standards;

4) Not fail to notify the Director of any action taken by a commissioner of another state similar to that identified under subsection (c)(3);

5) Disclose in the annual certification whether, since the last certification, a currently payable scale applicable for business issued within the previous 5 years and within the scope of the certification has been reduced for reasons other than changes in the experience factors underlying the disciplined current scale. If non-guaranteed elements illustrated for new policies are not consistent with those illustrated for similar in force policies, this must be disclosed in the annual certification. If non-guaranteed elements illustrated for both new and in force policies are not consistent with the non-guaranteed elements actually being paid, charged or credited to the same or similar forms, this must be disclosed in the annual certification; and

6) Disclose, in the annual certification, the method, of the following, used to allocate overhead expenses for all illustrations:

A) Fully allocated expenses;

B) Marginal expenses; or

C) A generally recognized expense table based on fully allocated expenses representing a significant portion of insurance companies and approved by the NAIC or by the Director.

d) The illustration actuary shall:

1) File a certification with the insurer's Board of Directors and the Director:

A) Annually for all policy forms for which illustrations are used; and

B) Before a new policy form is illustrated.

2) If an error in a previous certification is discovered, the illustration actuary shall notify the insurer's Board of Directors and the Director promptly.

e) If an illustration actuary is unable to certify the scale for any policy form illustration the insurer intends to use, the actuary shall notify the Board of Directors of the insurer promptly of his or her inability to certify.

f) An annual certification shall be filed with the Director by the insurer by no later than December 31 of each year for the 12 months immediately preceding the certification date. A responsible officer of the insurer, other than the illustration actuary, shall certify:

1) That the illustration formats meet the requirements of this Part and that the scales used in insurer-authorized illustrations are those scales certified by the illustration actuary; and

2) That the insurer has provided its insurance producers with information about the expense allocation method used by the insurer in its illustrations and disclosed as required by subsection (c)(6).

g) If an insurer changes the illustration actuary responsible for all or a portion of the insurer's policy forms, the insurer shall notify the Director of that fact promptly and disclose the reason for the change.

(Source: Amended at 43 Ill. Reg. 9228, effective August 19, 2019)