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**IDAPA 18  
TITLE 01  
CHAPTER 80**

**18.01.80 - PRENEED LIFE INSURANCE MINIMUM STANDARDS FOR DETERMINING  
RESERVE LIABILITIES AND NONFORFEITURE VALUES**

**000. LEGAL AUTHORITY.**

This rule is promulgated and adopted pursuant to the authority granted by Sections 41-211, 41-612, and 41-1927, Idaho Code. (5-8-09)

**001. TITLE AND SCOPE.**

**01. Title.** This rule shall be cited as IDAPA 18.01.80, "Preneed Life Insurance Minimum Standards for Determining Reserve Liabilities and Nonforfeiture Values." (5-8-09)

**02. Scope.** This rule applies to preneed insurance contracts, as defined in Subsection 010 of this rule, and to similar policies and certificates, as may be determined by the director. (5-8-09)

**03. Purpose.** The purpose of this rule is to establish for preneed insurance products minimum mortality standards for reserves and nonforfeiture values, and to require the use of the 1980 Commissioners Standard Ordinary (CSO) Life Valuation Mortality Table for use in determining the minimum standard of valuation of reserves and the minimum standard nonforfeiture values for preneed insurance products. (5-8-09)

**002. WRITTEN INTERPRETATIONS.**

In accordance with Section 67-5201(19)(b)(iv), Idaho Code, this agency may have written statements which pertain to the interpretation of the rules of the chapter, or to the documentation of compliance with the rules of this chapter. These documents will be available for public inspection and copying in accordance with the public records act. (5-8-09)

**003. ADMINISTRATIVE APPEALS.**

All administrative appeals shall be governed by Chapter 2, Title 41, Idaho Code, and Chapter 52, Title 67, Idaho Code, the Idaho Administrative Procedure Act, and IDAPA 04.11.01, Idaho Rules of Administrative Procedure of the Attorney General - General Provisions. (5-8-09)

**004. INCORPORATION BY REFERENCE.**

The Director of the Department of Insurance adopts by reference the 1980 and 2001 CSO Mortality Tables. The tables are available on the Society of Actuaries website at <http://www.soa.org/professional-interests/technology/tech-table-manager.aspx> and [http://www.actuary.org/life/cso\\_0702.asp](http://www.actuary.org/life/cso_0702.asp). (5-8-09)

**005. OFFICE -- OFFICE HOURS -- MAILING ADDRESS, STREET ADDRESS AND WEB SITE.**

**01. Office Hours.** The Department of Insurance is open from 8 a.m. to 5 p.m. except Saturday, Sunday and legal holidays. (5-8-09)

**02. Mailing Address.** The department's mailing address is: Idaho Department of Insurance, P.O. Box 83720, Boise, ID 83720-0043. (5-8-09)

**03. Street Address.** The principal place of business is 700 West State Street, 3<sup>rd</sup> Floor, Boise, Idaho 83702-0043. (5-8-09)

**04. Web Site Address.** The department's web address is <http://www.doi.idaho.gov>. (5-8-09)

**006. PUBLIC RECORDS ACT COMPLIANCE.**

Any records associated with these rules are subject to the provisions of the Idaho Public Records Act, Title 9, Chapter 3, Idaho Code. (5-8-09)

**007. -- 009. (RESERVED).**

**010. DEFINITIONS.**

**01. 2001 CSO Mortality Table.** “2001 CSO Mortality Table” means that mortality table, consisting of separate rates of mortality for male and female lives, developed by the American Academy of Actuaries CSO Task Force from the Valuation Basic Mortality Table developed by the Society of Actuaries Individual Life Insurance Valuation Mortality Task Force, and adopted by the NAIC in December 2002. The 2001 CSO Mortality Table is included in the *Proceedings of the NAIC (2nd Quarter 2002)*. Unless the context indicates otherwise, the “2001 CSO Mortality Table” includes both the ultimate form of that table and the select and ultimate form of that table and includes both the smoker and nonsmoker mortality tables and the composite mortality tables. It also includes both the age-nearest-birthday and age-last-birthday bases of the mortality tables. (5-8-09)

**02. Ultimate 1980 CSO.** “Ultimate 1980 CSO” means the Commissioners’ 1980 Standard Ordinary Life Valuation Mortality Tables (1980 CSO) without ten (10) -year selection factors, incorporated into the 1980 amendments to the NAIC Standard Valuation Law approved in December 1983. (5-8-09)

**03. Preneed Insurance.** For the purposes of this rule, preneed insurance is any life insurance policy or certificate that is issued in combination with, in support of, with an assignment to, or as a guarantee for a prearrangement agreement for goods and services to be provided at the time of and immediately following the death of the insured. Goods and services may include, but are not limited to embalming, cremation, body preparation, viewing or visitation, coffin or urn, memorial stone, and transportation of the deceased. The status of the policy or contract as preneed insurance is determined at the time of issue in accordance with the policy form filing. (5-8-09)

**011. MINIMUM STANDARDS.**

**01. Valuation Mortality Standards.** For preneed insurance contracts, as defined in Section 010 of this rule, and similar policies and contracts, the minimum mortality standard for determining reserve liabilities and nonforfeiture values for both male and female insureds shall be the Ultimate 1980 CSO. (5-8-09)

**02. Valuation Interest Rate Standards.** (5-8-09)

**a.** The interest rates used in determining the minimum standard for valuation of preneed insurance shall be the calendar year statutory valuation interest rates as defined in Section 41-612, Idaho Code. (5-8-09)

**b.** The interest rates used in determining the minimum standard for nonforfeiture values for preneed insurance shall be the calendar year statutory nonforfeiture interest rates as defined in Section 41-1927, Idaho Code. (5-8-09)

**03. Valuation Method Standards.** (5-8-09)

**a.** The method used in determining the minimum standard for valuation of preneed insurance shall be the method as defined in Section 41-612, Idaho Code. (5-8-09)

**b.** The method used in determining the minimum standard for nonforfeiture values for preneed insurance shall be the method as defined in Section 41-1927, Idaho Code. (5-8-09)

**012. TRANSITION RULES.**

**01. 2001 CSO Election.** For preneed insurance policies issued on or after the effective date of this rule and before January 1, 2012, the 2001 CSO may be used as the minimum standard for reserves and minimum standard for nonforfeiture benefits for both male and female insureds. (5-8-09)

**02. Written Notification of Election.** (5-8-09)

**a.** If an insurer elects to use the 2001 CSO as a minimum standard for any policy issued on or after the effective date of this rule and before January 1, 2012, the insurer shall provide, as a part of the actuarial opinion memorandum submitted in support of the company’s asset adequacy testing, an annual written notification to the

insurer's domiciliary commissioner. The notification shall include: (5-8-09)

- i. A complete list of all preneed policy forms that use the 2001 CSO as a minimum standard; (5-8-09)
- ii. A certification signed by the appointed actuary stating that the reserve methodology employed by the company in determining reserves for the preneed policies issued after the effective date and using the 2001 CSO as a minimum standard, develops adequate reserves (For the purposes of this certification, the preneed insurance policies using the 2001 CSO as a minimum standard cannot be aggregated with any other policies.); and (5-8-09)
- iii. Supporting information regarding the adequacy of reserves for preneed insurance policies issued after the effective date of this rule and using the 2001 CSO as a minimum standard for reserves. (5-8-09)

**03. End of Transition Period.** Preneed insurance policies issued on or after January 1, 2012, must use the Ultimate 1980 CSO in the calculation of minimum nonforfeiture values and minimum reserves. (5-8-09)

**013. EFFECTIVE DATE.**

This rule is applicable to preneed insurance policies and certificates and similar contracts and certificates, as specified in Section 001 of this rule, issued on or after January 1, 2009. (5-8-09)

**014 -- 999. (RESERVED).**

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