

PROPOSED
INSURANCE DEPARTMENT
STATE OF NEW YORK
REGULATION NO. 192
11 NYCRR 102

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

I, Kermit J. Brooks, Acting Superintendent of Insurance of the State of New York, pursuant to the authority granted by Sections 201, 301, 1304, 1308, 4217, 4218, 4221, 4240 and 4517 of the Insurance Law of the State of New York, do hereby promulgate a new Part 102 of Title 11 of the Official Compilation of Codes, Rules and Regulations of the State of New York (Regulation No. 192), to take effect upon publication in the State Register, to read as follows:

(All Material is New)

Section

- 102.1 Purpose
- 102.2 Applicability
- 102.3 Definitions
- 102.4 Minimum Valuation Standards
- 102.5 Transition Rules

Section 102.1 Purpose

The purpose of this Part is to prescribe rules establishing minimum standards for reserves and nonforfeiture values for preneed life insurance in accordance with statutory reserve formulae.

Section 102.2 Applicability

This Part shall apply to every authorized life insurance company and licensed fraternal benefit society in this State and every insurer holding a certificate from the superintendent as being accredited for the reinsurance of life insurance (all hereafter referred to as insurers). This Part shall be applicable to such insurers for all statements filed after the effective date of this Part.

Section 102.3 Definitions

(a) *2001 CSO Mortality Table* has the meaning contained in section 100.3(a) of Part 100 of this Title (Regulation 179).

(b) *Actuarial Opinion* has the meaning contained in section 95.4(a)(1) of Part 95 of this Title (Regulation 126).

(c) *Actuarial Memorandum* means the memorandum filed in support of the actuarial opinion. The form and substance of the actuarial memorandum shall be the same as that described in section 95.9 of this Title.

(d) *Appointed Actuary* has the meaning contained in section 95.4(e) of this Title.

(e) *Preneed life insurance* means 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, or other benefits, to be provided at the time of and immediately following the death of the insured. Goods and services may include embalming, cremation, body preparation, viewing or visitation, coffin or urn, memorial stone, and transportation of the deceased. The status of the policy or certificate as preneed life insurance is determined at the time of issue in accordance with the policy form filing.

(f) *Ultimate 1980 CSO Mortality Table* means the mortality table without ten-year select mortality factors, consisting of separate rates of mortality for male and female lives, developed by the Society of Actuaries Committee to Recommend New Mortality Tables for Valuation of Standard Individual Ordinary Life Insurance, incorporated in the 1980 National Association of Insurance Commissioners (NAIC) Amendments to the Model Standard Nonforfeiture Law and Standards Valuation Law for Life Insurance, and referred to in those models as the Commissioners 1980 Standard Ordinary Mortality Table without ten-year select mortality factors.

Section 102.4 Minimum Valuation Standards

(a) Minimum valuation mortality standard:

For preneed life insurance, the minimum standard for determining reserve liabilities and nonforfeiture values for both male and female insureds shall be the Ultimate 1980 CSO Mortality Table subject to the transition rules provided in section 102.5 of this Part.

(b) Minimum valuation interest rate standards:

(1) The interest rates used in determining the minimum standard for valuation shall be the calendar year statutory valuation interest rates as defined in section 4217(c)(4) of the Insurance Law.

(2) The interest rates used in determining the minimum standard for nonforfeiture values shall be the nonforfeiture interest rates as defined in section 4221(k)(10) of the Insurance Law.

(c) Minimum valuation method standards:

(1) The method used in determining the standard for the minimum valuation of reserves shall be the Commissioners Reserve Valuation Method as defined in section 98.3(b) of Part 98 of this Title (Regulation No. 147).

(2) The method used in determining the standard for the minimum nonforfeiture values shall be the method defined in section 4221(l)(3) of the Insurance Law.

Section 102.5 Transition Rules

(a) For a preneed policy or certificate issued on or after January 1, 2009 and before January 1, 2012, the 2001 CSO Mortality Table may be used as the minimum standard for reserves and nonforfeiture benefits for both male and female insureds.

(b) If an insurer elects to use the 2001 CSO Mortality Table as a minimum standard for any preneed policy or certificate issued on or after January 1, 2009 and prior to January 1, 2012, the insurer shall provide, as part of the actuarial opinion and memorandum submitted in support of the insurer's asset adequacy testing as specified in Part 95 of this Title, an annual written notification of such use to the superintendent. The notification shall include:

(1) A complete list of all preneed life insurance policy forms that use the 2001 CSO Mortality Table as a minimum standard;

(2) A certification signed by the appointed actuary stating that the reserve methodology, which is employed by the insurer in determining reserves for preneed life insurance issued after January 1, 2009 and using the 2001 CSO Mortality Table as a minimum standard, develops adequate reserves. For the purposes of this certification, the preneed life insurance using the 2001 CSO Mortality Table as a minimum standard cannot be aggregated with any other policies and certificates; and

(3) Supporting information regarding the adequacy of reserves for preneed life insurance issued on or after January 1, 2009 and using the 2001 CSO Mortality Table as a minimum standard for reserves.

(c) A preneed life insurance policy or certificate issued on or after January 1, 2012 shall use the Ultimate 1980 CSO Mortality Table in the calculation of minimum reserves and minimum nonforfeiture values.