

## **11 NCAC 11F .0606      MINIMUM STANDARDS FOR PRENEED LIFE INSURANCE**

(a) For preneed life insurance, the minimum mortality standard for determining reserve liabilities and nonforfeiture values for policies issued after December 31, 2008, shall be the Commissioners' 1980 Standard Ordinary Life Valuation Mortality Tables (1980 CSO), without ten-year selection factors, incorporated into the 1980 amendments to the NAIC Standard Valuation Law approved in December 1983. If the policy utilizes the same premium rates and charges for male and female lives or is issued in circumstances where applicable law does not permit distinctions on the basis of gender, a table that is a blend of the 1980 CSO Table (M) and the 1980 CSO Table (F), without ten-year selection factors may, at the option of the insurer, be substituted for the 1980 CSO Table to determine minimum cash surrender values and nonforfeiture benefits. For the Commissioners' 1980 Extended Term Insurance Table (1980 CET), a mortality table which is the same blend of the 1980 CET Table (M) and 1980 CET Table (F) may be substituted. The blended tables must be selected from those published in the 1984 Proceedings of the NAIC, Vol. I., or in the 1987 Proceedings of the NAIC, Volume I.

(b) Notwithstanding 11 NCAC 11F .0606(a), for preneed life insurance policies issued after December 31, 2008 and before January 1, 2012, the 2001 CSO Mortality Table may be used as the minimum standard for reserves and nonforfeiture values. If an insurer elects to use the 2001 CSO Mortality Table as a minimum standard for any preneed life insurance policy issued after December 31, 2008 and before January 1, 2012, the insurer shall provide, as a part of the actuarial memorandum submitted in support of the insurer's asset adequacy testing, an annual written notification to the domiciliary commissioner. The notification shall include:

- (1) A complete list of all preneed 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 employed by the insurer in determining reserves for the preneed life insurance policies issued after December 31, 2008 and using the 2001 CSO Mortality Table as a minimum standard, develops adequate reserves for these policies without being aggregated with any other policies; and
- (3) Supporting information regarding the adequacy of reserves for preneed life insurance policies issued after December 31, 2008 and using the 2001 CSO Mortality Table as a minimum standard for reserves. The supporting information shall include documentation of the actuarial assumptions and methods used in testing these reserves for adequacy.

*History Note: Authority G.S. 58-2-40; 58-58-50(k); 58-58-50(l); 58-58-55(e);  
Eff. December 1, 2008;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 20, 2015.*