

**TITLE 365. INSURANCE DEPARTMENT**  
**CHAPTER 10. LIFE, ACCIDENT AND HEALTH**  
**SUBCHAPTER 27. PRENEED LIFE INSURANCE MINIMUM STANDARDS FOR**  
**DETERMINING RESERVE LIABILITIES AND NONFORFEITURE VALUES**  
**REGULATION**

**365:10-27-1. Authority**

This regulation is promulgated by the Insurance Commissioner pursuant to Sections 1510(A)(4)(iii) and 4029(H)(4)(h)(vi) of Title 36 of the laws of this state.

[Source: Added at 26 Ok Reg 69, eff 11-3-2008 (emergency); Added at 26 Ok Reg 1529, eff 7-14-09]

**365:10-27-2. Scope**

This regulation applies to preneed insurance, as defined in Section 365:10-27-4 of this regulation, and to similar policies and certificates. The Insurance Commissioner shall have the authority to determine what constitutes similar policies and certificates.

[Source: Added at 26 Ok Reg 69, eff 11-3-2008 (emergency); Added at 26 Ok Reg 1529, eff 7-14-09]

**365:10-27-3. Purpose**

The purpose of this regulation 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) Mortality Table for use in determining the minimum standard of valuation of reserves and the minimum standard nonforfeiture values for preneed insurance products. Research completed by the Deloitte University of Connecticut Actuarial Center and commissioned by the Society of Actuaries as a part of a study of preneed mortality determined that the 2001 CSO Mortality Table, currently recognized as the prevailing table for the purposes of calculating reserves and nonforfeiture values both on a statutory basis and on a tax basis, produced inadequate reserves for insurance policies issued in support of a prearrangement agreement which provides goods and services at the time of an insured's death.

[Source: Added at 26 Ok Reg 69, eff 11-3-2008 (emergency); Added at 26 Ok Reg 1529, eff 7-14-09]

**365:10-27-4. Definitions**

The following words and terms when used in this Subchapter shall have the following meaning unless the context clearly indicates otherwise:

**"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.

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

**"Preneed insurance"** means for purposes of this regulation any insurance policy or certificate that is issued for the purpose of funding contracts for prepaid funeral benefits pursuant to Section 6125.2 of Title 36 of the laws of this state and the Prepaid Funeral Benefits Act, 36 O.S. § 6121, et seq.

[Source: Added at 26 Ok Reg 69, eff 11-3-2008 (emergency); Added at 26 Ok Reg 1529, eff 7-14-09]

### **365:10-27-5. Minimum valuation mortality standards**

For preneed insurance and similar insurance policies and certificates, the minimum mortality standard for determining reserve liabilities and nonforfeiture values for both male and female insureds shall be the Ultimate 1980 CSO.

[Source: Added at 26 Ok Reg 69, eff 11-3-2008 (emergency); Added at 26 Ok Reg 1529, eff 7-14-09]

### **365:10-27-6. Transition rules**

(a) For preneed insurance policies issued on or after the effective date of this regulation and before January 1, 2012, the 2001 CSO Mortality Table may be used as the minimum standard for reserves and minimum standard for 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 policy issued on or after the effective date of this regulation 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 domiciliary commissioner. The notification shall include:

(1) A complete list of all preneed 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 employed by the company in determining reserves for the preneed insurance policies issued after the effective date and using the 2001 CSO Mortality Table 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

(3) Supporting information regarding the adequacy of reserves for preneed insurance policies issued after the effective date of this regulation and using the 2001 CSO Mortality Table as a minimum standard for reserves.

(c) Prereed 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.

**[Source:** Added at 26 Ok Reg 69, eff 11-3-2008 (emergency); Added at 26 Ok Reg 1529, eff 7-14-09]