

**TITLE 114  
LEGISLATIVE RULE  
INSURANCE COMMISSIONER**

**SERIES 86  
PRENEED LIFE INSURANCE MINIMUM STANDARDS FOR DETERMINING  
RESERVE LIABILITIES AND NONFORFEITURE VALUES**

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**114-86-1. General.**

1.1. Scope. -- This rule establishes minimum mortality standards to be used in determining reserve and nonforfeiture values for insurance policies used to fund preneed funeral contracts. This rule is based on the National Association of Insurance Commissioners' "Preneed Life Insurance Minimum Standards for Determining Reserve Liabilities and Nonforfeiture Values Model Regulation" (Model 817) adopted in March, 2008.

1.2. Authority. -- W. Va. Code 33-2-10.

1.3. Filing Date. --

1.4. Effective Date. --

**114-86-2. Definitions.**

2.1. ~~The term~~ "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 Commissioner's Standard Ordinary ("CSO")~~ Task Force from the Valuation Basic Mortality Table developed by the Society of Actuaries Individual Life Insurance Valuation Mortality Task Force and set forth in W. Va. Code of St. R. 114 CSR 69. 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.

~~2.2. The term "Ultimate 1980 CSO" means the National Association of Insurance Commissioners' 1980 standard ordinary mortality table (1980 CSO Table), without ten-year selection mortality factors, incorporated into the 1980 amendments to the NAIC Standard Valuation Law and referenced in W. Va. Code §33-7-9(d)(1)(C).~~

2.2. "Preneed funeral contract" means any contract that is financed by the purchase of an insurance policy or annuity under which a person promises to furnish or make available funeral services, funeral goods or burial goods for use at a time determinable by the death of the contract beneficiary who is either named or implied therein.

2.3. "Preneed insurance policy" means a life insurance policy, annuity contract or other

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insurance contract issued by an insurance company which, whether by assignment or otherwise, has for its purpose the funding of a preneed funeral contract.

~~2.4. “Preneed funeral contract” means any contract that is financed by the purchase of an insurance policy or annuity under which a person promises to furnish or make available funeral services, funeral goods or burial goods for use at a time determinable by the death of the contract beneficiary who is either named or implied therein.~~

2.4. “Ultimate 1980 CSO” means the National Association of Insurance Commissioners’ 1980 standard ordinary mortality table (1980 CSO Table), without ten-year selection mortality factors, incorporated into the 1980 amendments to the NAIC Standard Valuation Law and referenced in W. Va. Code §33-7-9(d)(1)(C).

**114-86-3. Minimum Valuation Mortality Standards.**

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

**114-86-4. Minimum Valuation Interest Rate Standards.**

4.1. The interest rates used in determining the minimum standard for valuation of preneed insurance ~~shall be~~ are the calendar year statutory valuation interest rates as defined in W. Va. Code §33-7-9.

4.2. The interest rates used in determining the minimum standard for nonforfeiture values for preneed insurance ~~shall be~~ are the calendar year statutory nonforfeiture interest rates as defined in W. Va. Code 33-13-30.

**114-86-5. Minimum Valuation Method Standards.**

5.1. The method used in determining the standard for the minimum valuation of reserves of preneed insurance ~~shall be~~ is the method defined in W. Va. Code §33-7-9.

5.2. The method used in determining the standard for the minimum nonforfeiture values for preneed insurance ~~shall be~~ is the method defined in W. Va. Code 33-13-30.

**114-86-6. Transition Rules.**

6.1. For preneed insurance policies issued on or after the effective date of this rule and before January 1, 2012, the 2001 CSO mortality table may be used as the minimum standard for

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reserves and minimum standard for nonforfeiture benefits for both male and female insureds.

6.2. 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 rule and before January 1, 2012, the insurer shall provide, as 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:

a. A complete list of all preneed policy forms that use the 2001 CSO as a minimum standard;

b. A certification signed by the appointed actuary stating that the reserve methodology employed by the insurer in determining reserves develops adequate reserves for preneed insurance policies issued after the effective date of this rule and using the 2001 CSO as a minimum standard. 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

c. 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.

6.3. 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.