

TITLE 13 INSURANCE
CHAPTER 9 LIFE INSURANCE AND ANNUITIES
PART 19 PREFERRED RISK MORTALITY TABLES FOR PRENEED INSURANCE

13.9.19.1 ISSUING AGENCY: New Mexico Public Regulation Commission Insurance Division.
[13.9.19.1 NMAC - N, 1/1/2009]

13.9.19.2 SCOPE: This rule applies to “funeral plans,” as defined in Section 59A-49-4 NMSA 1978, to “preneed funeral contracts or prearrangements,” as defined in 13.9.5.7 NMAC, and to similar policies and certificates. In case of any conflict with 13.9.16 NMAC or 13.9.18 NMAC, the provisions of 13.9.19 NMAC, as affecting funeral plans, preneed insurance or prearrangements, or similar policies and certificates, shall control.
[13.9.19.2 NMAC - N, 1/1/2009]

13.9.19.3 STATUTORY AUTHORITY: Sections 59A-2-8, 59A-2-9, 59A-8-5, and 59A-20-31 NMSA 1978.
[13.9.19.3 NMAC - N, 1/1/2009]

13.9.19.4 DURATION: Permanent.
[13.9.19.4 NMAC - N, 1/1/2009]

13.9.19.5 EFFECTIVE DATE: January 1, 2009, unless a later date is cited at the end of a section.
[13.9.19.5 NMAC - N, 1/1/2009]

13.9.19.6 OBJECTIVE: The purpose of this regulation is to establish for preneed insurance 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. 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.
[13.9.19.6 NMAC - N, 1/1/2009]

13.9.19.7 DEFINITIONS:
A. **“2001 CSO mortality table”** means the definition in 13.9.16 NMAC and 13.9.18 NMAC.
B. **“Ultimate 1980 CSO”** means the commissioners’ 1980 standard ordinary life valuation 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.
C. **“Preneed insurance”** means “funeral plans,” as defined in Section 59A-49-4 NMSA 1978, and “preneed funeral contracts or prearrangements,” as defined in 13.9.5.7 NMAC.
[13.9.19.7 NMAC - N, 1/1/2009]

13.9.19.8 MINIMUM VALUATION MORTALITY STANDARDS: For preneed insurance, as defined in paragraph C of 13.9.19.7 NMAC, and similar policies and contracts, the minimum mortality standard for determining reserve liabilities and nonforfeiture values for both male and female insured shall be the Ultimate 1980 CSO.
[13.9.19.8 NMAC - N, 1/1/2009]

13.9.19.9 MINIMUM VALUATION INTEREST RATE STANDARDS:
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 59A-8-5 NMSA 1978.
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 59A-20-31 NMSA 1978.
[13.9.19.9 NMAC - N, 1/1/2009]

13.9.19.10 MINIMUM VALUATION METHOD STANDARDS:

A. The method used in determining the standard for the minimum valuation of reserves of preneed insurance shall be the method defined in Section 59A-8-5 NMSA 1978.

B. The method used in determining the standard for the minimum nonforfeiture values for preneed insurance shall be the method defined in Section 59A-20-31 NMSA 1978.
[13.9.19.10 NMAC - N, 1/1/2009]

13.9.19.11 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 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 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 or superintendent of insurance. The notification shall include:

(1) a complete list of all preneed insurance policy forms that use the 2001 CSO 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 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 in the calculation of minimum nonforfeiture values and minimum reserves.

C. 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.

[13.9.19.11 NMAC - N, 1/1/2009]

HISTORY OF 13.9.19 NMAC: [RESERVED]