STATE OF NORTH DAKOTA

BEFORE THE COMMISSIONER OF INSURANCE

In the Matter of the Adoption	)	**NOTICE OF PROPOSED**
Of Proposed Rules Regarding:	)	**RULEMAKING**
Pre-Need Life Insurance Minimum	)	
Standards for Determining Reserve	)	**FILE NO. RU-08-223**
Liabilities and Nonforfeiture Values	)	

NOTICE OF INTENT TO ADOPT ADMINISTRATIVE RULES AND NOTICE OF PUBLIC HEARING

PLEASE TAKE NOTICE that the North Dakota Insurance Department will hold a public hearing to address the proposed creation of chapter 45-04-07.3 of the North Dakota Administrative Code relating to Pre-Need Life Insurance Minimum Standards for Determining Reserve Liabilities and Nonforfeiture Values.

The hearing will be held at 10:00 a.m., central time, October 2, 2008, in the Sakakawea Room, State Capitol, Bismarck, North Dakota.

A summary of the rules proposed for adoption to the North Dakota Administrative Code is as follows:

N.D. Admin. Code chapter 45-04-07.3 – Pre-Need Life Insurance Minimum Standards for Determining Reserve Liabilities and Nonforfeiture Values. These rules establish minimum mortality standards to be used in determining reserve and nonforfeiture values for insurance policies used to fund pre-need funeral contracts. The rules are based on the model regulation passed by the National Association of Insurance Commissioners. The purposes of the rules are to establish minimum mortality standards for reserves and non-forfeiture values and to adopt the 1980 Commissioners Standard Ordinary (CSO) Mortality Table as the minimum mortality standard.

If these rules are not adopted, companies that sell pre-need life insurance products would be required to use the 2001 CSO Mortality Tables as the minimum mortality basis which would result in inadequate reserves for such policies.

Section 45-04-07.3-01. Definitions. This section provides definitions of terms used in the chapter. Pre-need insurance contracts are defined, as is the "2001 CSO mortality table", and "Ultimate 1980 CSO".

Section 45-04-07.3-02. Minimum Valuation Mortality Standards. This section provides the minimum mortality standard for pre-need life insurance contracts for determining reserve liabilities and nonforfeiture values for both male and female insureds shall be the ultimate 1980 CSO.

Section 45-04-07.3-03. Minimum Valuation Interest Rate Standards. This section provides the interest rates used in determining the minimum standard for valuation of pre-need life insurance is the calendar year statutory valuation interest rates as defined in N.D.C.C. § 26.1-35-04. It also provides that the interest rates used in determining the minimum standard for nonforfeiture values for pre-need life insurance shall be the calendar year statutory nonforfeiture interest rates as defined in N.D.C.C. § 26.1-33-27.

45-04-07.3-04. Minimum Valuation Method Standards. This section provides the method used in determining the standard for the minimum valuation of reserves of pre-need life insurance is the method defined in N.D.C.C. § 26.1-35-02. The method used in determining the standard for the minimum nonforfeiture values for pre-need life insurance is the method defined in N.D.C.C. § 26.1-33-27.

45-04-07.3-05. Transition Rules. This section provides companies time to implement the new mortality basis. For policies issued between January 1, 2009, and January 1, 2012, either the current basis, 2001 CSO, or the new basis, 1980 CSO, can be used. For all policies issued on or after January 1, 2012, only the new basis, 1980 CSO, may be used.

45-04-07.3-06. Effective Date. This section provides that the rules apply only to pre-need life insurance policies and certificates and similar contracts and certificates issued on or after January 1, 2009.

These rules are expected to have an impact in excess of $50,000 on the regulated community.

Any interested person may review the text of the proposed rules at, and written comments concerning the proposed rules may be sent to, the following address: North Dakota Insurance Department, 600 East Boulevard Avenue, 5th Floor, Bismarck, ND 58505. The deadline for submission of written comments is October 13, 2008. A copy of the rules and the regulatory analysis may be reviewed on the Department's website at www.nd.gov/ndins or may be requested by telephoning (701) 328-2440.

If you plan to attend the public hearing and will need special facilities or assistance relating to a disability, please contact the North Dakota Insurance Department at the above telephone number or address at least seven days prior to the public hearing.

DATED this 18th day of July, 2008.

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