

304.6-140 Minimum standards.

- (1) This subsection applies only to policies and contracts issued prior to January 1, 1948, or such earlier date after June 13, 1944, as shall have been elected by an insurer as the date on and after which it would comply with the standard nonforfeiture law. Except as otherwise provided in paragraph (b) of subsection (2) of this section, the minimum standard for the valuation of all such policies and contracts shall be that provided by the laws in effect immediately prior to such date, except that the minimum standard for the valuation of annuities and pure endowments purchased under group annuity and pure endowment contracts issued prior to such effective date shall be that provided by the laws in effect immediately prior to such date but replacing the interest rates specified in such laws by an interest rate of five percent (5%) per annum. Reserves for all such policies and contracts may be calculated, at the option of the insurer, according to any standards which produce greater aggregate reserves for all such policies and contracts than the minimum reserves required by this subsection.
- (2) This subsection applies only to policies and contracts issued on and after January 1, 1948, or such earlier date after June 13, 1944, as shall have been elected by an insurer as the date on and after which it would comply with the standard nonforfeiture law, except as otherwise provided in paragraph (b) of this subsection for group annuity and pure endowment contracts issued prior to such date.
 - (a) Except as otherwise provided in paragraph (b) of this subsection and in KRS 304.6-145, the minimum standard for the valuation of all such policies and contracts shall be the commissioners reserve valuation methods defined in KRS 304.6-150, 304.6-155, and 304.6-180, five and one-half percent (5.5%) interest for single premium life insurance policies, five percent (5%) interest for group annuity and pure endowment contracts, four percent (4%) interest for all other such policies and contracts issued prior to June 17, 1978, four and one-half percent (4-1/2%) interest for such policies and contracts, other than annuity and pure endowment contracts, issued on or after June 17, 1978, and the following tables:
 1. Standard ordinary mortality table. For all ordinary policies of life insurance issued on the standard basis, excluding any disability and accidental death benefits in such policies, -- the commissioners 1941 standard ordinary mortality table; provided, however, that the commissioners 1958 standard ordinary mortality table shall be the table for such minimum standard for such policies issued on and after January 1, 1966, or such earlier date after June 16, 1960, as shall have been elected by an insurer as the date on and after which it would use such table as the basis for minimum cash surrender values and nonforfeiture benefits under the standard nonforfeiture law and prior to the effective date of KRS 304.15-342; provided that for any category of such policies issued on female risks all modified net premiums and present values referred to in KRS 304.6-130 to 304.6-180, inclusive, may be calculated according to an age not more than six (6) years younger than the actual

age of the insured; and for such policies issued on or after the effective date of KRS 304.15-342 the commissioners 1980 standard ordinary mortality table, or at the election of the company for any one (1) or more specified plans of life insurance, the commissioners 1980 standard ordinary mortality table with ten-year select mortality factors, or any ordinary mortality table, adopted after 1980 by the National Association of Insurance Commissioners, that is approved by regulation promulgated by the commissioner for use in determining the minimum standard of valuation for such policies;

2. Standard industrial mortality table. For all industrial life insurance policies issued on the standard basis, excluding any disability and accidental death benefits in such policies, -- the 1941 standard industrial mortality table; provided, however, that the commissioners 1961 standard industrial mortality table shall be the table for such minimum standard for such policies issued on and after January 1, 1968, or such earlier date after June 14, 1962, as shall have been elected by the insurer as the date on and after which it would use such table as the basis for minimum cash surrender values and nonforfeiture benefits under the standard nonforfeiture law or any industrial mortality table, adopted after 1980 by the National Association of Insurance Commissioners, that is approved by regulation promulgated by the commissioner for use in determining the minimum standard of valuation for such policies;
3. Individual annuity mortality table or annuity mortality table. For individual annuity and pure endowment contracts, excluding any disability and accidental death benefits in such policies -- the 1937 standard annuity mortality table or, at the option of the insurer, the annuity mortality table for 1949, ultimate, or any modification of either of these tables approved by the commissioner;
4. Group annuity mortality table. For group annuity and pure endowment contracts, excluding any disability and accidental death benefits in such policies -- the group annuity mortality table for 1951, any modification of such table approved by the commissioner, or, at the option of the insurer, any of the tables or modifications of tables specified for individual annuity and pure endowment contracts;
5. Disability table. For total and permanent disability benefits in or supplementary to ordinary policies or contracts on active and disabled lives -- for policies or contracts issued on or after January 1, 1966, the tables of period 2 disablement rates and the 1930 to 1950 termination rates of the 1952 disability study of the society of actuaries, with due regard to the type of benefit or any tables of disablement rates and termination rates, adopted after 1980 by the National Association of Insurance Commissioners, that are approved by regulation promulgated by the commissioner for use in determining the minimum standard of valuation for such policies; for policies or contracts issued on or after

January 1, 1961 and prior to January 1, 1966, either such tables or, at the option of the insurer, the class (3) disability table (1926), and for policies issued prior to January 1, 1961, the class (3) disability table (1926). In addition, any such table shall, for active lives, be combined with a mortality table permitted for calculating the reserves for life insurance policies;

6. Accidental death mortality table. For accidental death benefits in or supplementary to policies -- for policies issued on or after January 1, 1966, the 1959 accidental death benefits table or any accidental death benefits table, adopted after 1980 by the National Association of Insurance Commissioners, that is approved by regulation promulgated by the commissioner for use in determining the minimum standard of valuation for such policies; for policies issued on or after January 1, 1961 and prior to January 1, 1966, either such table or, at the option of the insurer, the inter-company double indemnity mortality table; and for policies issued prior to January 1, 1961, the inter-company double indemnity mortality table. Any such table shall be combined with a mortality table permitted for calculating the reserves for life insurance policies; and
 7. Group life and other tables. For group life insurance, life insurance issued on the substandard basis and other special benefits -- such tables as may be approved by the commissioner.
- (b) Except as provided in KRS 304.6-145, the minimum standard for the valuation of all individual annuity and pure endowment contracts issued prior to January 1, 1979, excluding any disability and accidental death benefits in such contracts, shall be the commissioners reserve valuation methods defined in KRS 304.6-150 and 304.6-155, six percent (6%) interest for single premium immediate annuity contracts and four percent (4%) interest for all other contracts, and the 1971 individual annuity mortality table, or any modification of this table approved by the commissioner.
1. The minimum standard for the valuation of all annuities and pure endowments purchased prior to January 1, 1979, under group annuity and pure endowment contracts, excluding any disability and accidental death benefits in such contracts, shall be the commissioners reserve valuation methods defined in KRS 304.6-150 and 304.6-155, six percent (6%) interest, and the 1971 group annuity mortality table, or any modification of this table approved by the commissioner.
 2. The minimum standard for the valuation of all individual annuity and pure endowment contracts issued on or after January 1, 1979, excluding any disability and accidental death benefits in such contracts, shall be the commissioners reserve valuation methods defined in KRS 304.6-150 and 304.6-155, seven and one-half percent (7-1/2%) interest for single premium immediate annuity contracts, five and one-half percent (5-1/2%) interest for single premium deferred annuity and pure endowment

contracts and four and one-half percent (4-1/2%) interest for all other individual annuity and pure endowment contracts, and the 1971 individual annuity mortality table, or any individual annuity mortality table adopted after 1980 by the National Association of Insurance Commissioners, that is approved by regulation promulgated by the commissioner for use in determining the minimum standards of valuation for such contracts, or any modification of these tables approved by the commissioner.

3. The minimum standard for the valuation of all annuities and pure endowments purchased on or after January 1, 1979 under group annuity and pure endowment contracts, excluding any disability and accidental death benefits in such contracts, shall be the commissioners reserve valuation methods defined in KRS 304.6-150 and 304.6-155, seven and one-half percent (7-1/2%) interest, and the 1971 group annuity mortality table, or any group annuity mortality table, adopted after 1980 by the National Association of Insurance Commissioners, that is approved by regulation promulgated by the commissioner for use in determining the minimum standards of valuation for such contracts, or any modification of these tables approved by the commissioner.
4. The minimum standard for the valuation of all individual annuity and pure endowment contracts issued on or after July 1, 1976, and prior to January 1, 1979, and of all annuities and pure endowments purchased on or after July 1, 1976, and prior to January 1, 1979, under group annuity and pure endowment contracts, excluding any disability and accidental death benefits in such contracts, shall be the standard specified in this paragraph, or, at the option of the insurer with respect to any such contracts or purchases, the standard specified in paragraph (a) of this subsection.

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History: Amended 2010 Ky. Acts ch. 24, sec. 1003, effective July 15, 2010. -- Amended 1996 Ky. Acts ch. 289, sec. 1, effective July 15, 1996. -- Amended 1982 Ky. Acts ch. 263, sec. 9, effective July 15, 1982. -- Amended 1978 Ky. Acts ch. 280, sec. 2, effective June 17, 1978. -- Amended 1976 Ky. Acts ch. 313, sec. 1. -- Amended 1974 Ky. Acts ch. 308, sec. 52. -- Created 1970 Ky. Acts ch. 301, subtit. 6, sec. 14, effective June 18, 1970.