



ADMINISTRATIVE RULES OF MONTANA



6.6.6723 DEFINITIONS

For purposes of ARM 6.6.6720 through 6.6.6727:

- (1) "Actuarial method" means the methodology used to determine the required level of primary security, as described in ARM 6.6.6725.
- (2) "Covered policies" means, subject to the exemptions described in ARM 6.6.6722, those policies, other than grandfathered policies, of the following types:
 - (a) Life insurance policies with guaranteed nonlevel gross premiums and/or guaranteed nonlevel benefits, except for flexible premium universal life insurance policies; or,
 - (b) Flexible premium universal life insurance policies with provisions resulting in the ability of a policyholder to keep a policy in force over a secondary guarantee period.
- (3) "Grandfathered policies" means policies of the types described in (2) that were:
 - (a) issued prior to January 1, 2015; and
 - (b) ceded, as of December 31, 2014, as part of a reinsurance treaty that would not have met one of the exemptions set forth in ARM 6.6.6722 had that rule then been in effect.
- (4) "Non-Covered policies" means any policy that does not meet the definition of covered policies, including grandfathered policies.
- (5) "Required level of primary security" means the dollar amount determined by applying the actuarial method to the risks ceded with respect to covered policies, but not more than the total reserve ceded.
- (6) "Primary security" means the following forms of security:
 - (a) cash;
 - (b) securities listed by the securities valuation office meeting the requirements of 33-2-1217(2)(b), MCA, but excluding any synthetic letter of credit, contingent note, credit-linked note, or other similar security that operates in a manner similar to a letter of credit, and excluding any securities issued by the ceding insurer or any of its affiliates; and
 - (c) for security held in connection with funds-withheld and modified coinsurance reinsurance treaties:
 - (i) commercial loans in good standing of CM3 quality and higher;
 - (ii) policy loans; and

- (iii) derivatives acquired in the normal course and used to support and hedge liabilities pertaining to the actual risks in the policies ceded pursuant to the reinsurance treaty.
- (7) "Other security" means any security acceptable to the commissioner other than security meeting the definition of primary security.
- (8) "Valuation manual" means the valuation manual adopted by the NAIC as described in 33-2-402 and 33-2-403, MCA, and in ARM 6.6.4501 that are effective for the financial statement date on which credit for reinsurance is claimed.
- (9) "VM-20 means "Requirements for Principle-Based Reserves for Life Products," including all relevant definitions, from the Valuation Manual.

Authorizing statute(s): 33-1-313, 33-2-1517, MCA

Implementing statute(s): 33-2-1216, 33-2-1217, MCA

History: NEW, 2022 MAR p. 1691, Eff. 9/1/22.