

BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE
OFFICE OF THE MONTANA STATE AUDITOR

In the matter of the amendment of)	NOTICE OF PROPOSED
ARM 6.6.304, 6.6.311, 6.6.312,)	AMENDMENT
6.6.313, replacement of life)	
insurance; 6.6.608, Medicare Select;)	NO PUBLIC HEARING
6.6.712, life insurance illustrations;)	CONTEMPLATED
6.6.1006, funeral insurance;)	
6.6.2202, title insurance; 6.6.2403,)	
group coordination of benefits;)	
6.6.3001, 6.6.3007, loss cost advisory)	
rate filings; 6.6.3401, hazardous)	
financial conditions; 6.6.3501,)	
6.6.3515, 6.6.3520, audited reports)	
and annual statements; 6.6.3715,)	
holding company systems; 6.6.4603)	
guaranty association; 6.6.6501,)	
6.6.6502, 6.6.6503, 6.6.6504,)	
6.6.6505, 6.6.6508, 6.6.6509,)	
actuarial opinions; 6.6.6805,)	
6.6.6820, captive insurers; 6.6.7101,)	
6.6.7102 mortality tables; and)	
6.6.8504 and 6.6.8505, viatical)	
settlement agreements)	

TO: All Concerned Persons

1. The Commissioner of Securities and Insurance, Office of the Montana State Auditor (CSI), proposes to amend the above-stated rules.

2. The CSI will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, contact the CSI no later than 5:00 p.m. on August 18, 2017, to advise us of the nature of the accommodation that you need. Please contact Ramona Bidon, CSI, 840 Helena Avenue, Helena, Montana, 59601; telephone (406) 444-2726; TDD (406) 444-3246; fax (406) 444-3499; or e-mail rbidon@mt.gov.

3. The rules as proposed to be amended provide as follows, new matter underlined, deleted matter interlined:

6.6.304 EXEMPTIONS (1)(a) through (1)(i) remain the same.
(j) structured settlements.
(2) remains the same.

AUTH: 33-1-313, MCA

IMP: 33-18-204, MCA

REASON: The CSI proposes to amend this rule to correct a typographical error. ARM 6.6.304 is adopted from Section 1 of the National Association of Insurance Commissioners (NAIC) Life Insurance and Annuities Replacement Model Regulation. Subsection (1)(j) refers to "structure settlements"; the model regulation confirms this is intended to refer to "structured settlements."

6.6.311 DUTIES OF ALL INSURERS THAT USE PRODUCERS (1)(a) through (1)(b)(iii) remain the same.

(iv) number of transactions that are unreported replacements of existing policies or contracts by the existing insurer detected by the company's monitoring system as required by (1)(a)(v) ~~of this rule~~; and

(v) through (h) remain the same.

AUTH: 33-1-313, MCA

IMP: ~~33-19-204~~ 33-18-204, MCA

REASON: The CSI proposes to amend this rule to eliminate surplusage and correct a reference to the implementing statute. The language "of this rule" in (1)(b)(iv) is unnecessary, as the reference contained in that subsection is self-evident. Additionally, the implementing statute is incorrectly referenced as 33-19-204, MCA; this statute has been repealed and was inapplicable to the content of this rule. The applicable implementing statute is 33-18-204, MCA, which refers to replacement of insurance policies; this is confirmed by the fact that other rules in this subchapter correctly reference this implementing statute.

6.6.312 SEVERABILITY (1) remains the same.

AUTH: 33-1-313, MCA

IMP: ~~33-19-204~~ 33-18-204, MCA

REASON: The CSI proposes to amend this rule to correct a reference to the implementing statute, for the reasons described above regarding ARM 6.6.311.

6.6.313 SAMPLE FORMS (1) The State Auditor's Office adopts and incorporates by reference Appendix A, B, and C, which are set forth in the National Association of Insurance Commissioners' (NAIC) Life Insurance and Annuities Replacement Model Regulation, adopted July 2000. Copies of appendices A, B, and C are available for public inspection at the ~~office of the Commissioner of Insurance~~ Office of the Montana State Auditor, 840 Helena Avenue, Helena, MT 59601. Copies of these appendices may be obtained by writing to the State Auditor's Office, Legal Department, 840 Helena Avenue, Helena, MT 59601. Persons obtaining a copy of these appendices must pay the cost of providing such copies.

AUTH: 33-1-313, MCA

IMP: ~~33-19-204~~ 33-18-204, MCA

REASON: The CSI proposes to amend this rule to correct a reference to the implementing statute, for the reasons described above regarding ARM 6.6.311. It also proposes to update the title of the office at which documents may be inspected, to reflect the CSI's current naming convention.

6.6.608 DISCLOSURE REQUIREMENTS (1)(a) through (1)(b) remain the same.

(c) a description of the restricted network provisions, including payments for coinsurance and deductibles, when providers other than network providers are utilized, ~~except~~. Except to the extent specified in the policy or certificate, expenses incurred when using out-of-network providers do not count toward the out-of-pocket annual limit contained in plans K and L;

(d) through (g) remain the same.

AUTH: 33-22-904, 33-22-905, MCA

IMP: 33-15-303, 33-22-901, 33-22-902, 33-22-903, 33-22-904, 33-22-905, 33-22-906, 33-22-907, 33-22-908, 33-22-909, 33-22-910, 33-22-911, 33-22-921, 33-22-922, 33-22-923, 33-22-924, MCA

REASON: The CSI proposes to amend this rule to correct a typographical error affecting the meaning of the statute. ARM 6.6.608 is adopted from Section 10 of the NAIC Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act. The proposed change is necessary to conform to the NAIC model. In its current form the typographical error results in a run-on sentence altering the meaning of the rule.

6.6.712 STANDARDS FOR SUPPLEMENTAL ILLUSTRATIONS (1) A supplemental illustration may be provided so long as:

(a) it is appended to, accompanied by, or preceded by a basic illustration that complies with this subchapter;

~~(i)~~(b) the non-guaranteed elements shown are not more favorable to the policy owner than the corresponding elements based on the scale used in the basic illustration;

~~(ii)~~(c) it contains the same statement required of a basic illustration that non-guaranteed elements are not guaranteed; and

~~(iii)~~(d) for a policy that has a contract premium, the contract premium underlying the supplemental illustration is equal to the contract premium shown in the basic illustration. For policies that do not require a contract premium, the premium outlay underlying the supplemental illustration shall be equal to the premium outlay shown in the basic illustration.

(2) remains the same.

AUTH: 33-20-150, MCA

IMP: 33-18-202, 33-20-150, MCA

REASON: The CSI proposes to amend this rule to correct an error in the formatting of subsection ordering. In its current form, the rule establishes (a) without subsequent subheadings of the same format (i.e., no (b), etc.). ARM 6.6.712 is adopted from Section 8 of the NAIC Life Insurance Illustrations Model Regulation. The proposed change conforms to the NAIC model and makes the requirements for supplemental illustrations more clear.

6.6.1006 LICENSING OF SPECIALIZED FUNERAL INSURANCE PRODUCERS (1) through (4) remain the same.

(5) If the Board of Funeral Service, provided for in 2-15-1743, MCA, suspends, revokes, or terminates the license of a funeral director, undertaker, mortician, or mortuary, the specialized funeral insurance producer license and any appointments will automatically terminate. The funeral director, undertaker, mortician, or mortuary must notify the commissioner within ten days after a suspension, revocation, or license termination by the Board of Funeral Service.

AUTH: 33-1-313, 33-20-1503, MCA

IMP: 33-17-201, 33-17-211, 33-17-212, 33-17-213, 33-17-214, 33-17-219, 33-17-220, 33-17-231, 33-17-236, 33-17-401, 33-17-405, 33-17-406, 33-17-407, 33-17-409, 33-17-411, 33-17-1001, 33-17-1002, 33-17-1003, 33-17-1004, 33-17-1005, 33-17-1101, 33-17-1102, 33-17-1103, 33-17-1203, 33-17-1205, 33-20-1501, 33-20-1502, MCA

REASON: The CSI proposes this amendment to correct a typographical error. From its context, it is apparent the intent of the rule is to ensure timely notification of a change in a party's licensing status with the Board of Funeral Service. The amendment makes clear notification must occur no more than ten days following such a change.

6.6.2202 ESCROW, CLOSING, OR SETTLEMENT SERVICES (1) through (4) remain the same.

(5) If an escrow agent has a business interest in the escrow transaction other than as escrow agent, the relationship or interest must be disclosed in the written escrow instructions. After noting such interest, an additional statement shall appear as follows:

"We call this interest to your attention for disclosure purposes. This interest will not, in our opinion, prevent us from being a fair and impartial escrow agent in this transaction, but you are, nevertheless, free to request that the transaction be closed by some other escrow agent."

(6) through (15) remain the same.

AUTH: 33-1-313, MCA

IMP: 33-25-201, MCA

REASON: The CSI proposes to amend this rule to correct a typographical error. The current version of the rule omits a closing quotation mark from the required disclosure, the end of which is apparent from the plain language of the rule.

6.6.2403 DEFINITIONS As used in these rules, these words and terms have the following meanings, unless the context clearly indicates otherwise:

(1) "Allowable expense," ~~means a necessary, reasonable, and customary item of expense for health care if the item of expense is covered at least in part under any of the plans involved, unless a statute requires a different definition,~~ except as set forth in (a) through (g), or where a statute requires a different definition, means any health care expense, including coinsurance or copayments, and without reduction for any applicable deductible, that is covered in full or in part by any of the plans covering the person:

(a) through (14) remain the same.

AUTH: 33-1-313, MCA

IMP: 33-15-304, 33-18-201, 33-22-225, 33-22-226, 33-22-502, MCA

REASON: The CSI proposes to amend this rule to correct typographical errors. ARM 6.6.2403 is adopted from Section 3 of the NAIC Coordination of Benefits Model Regulation. When this rule was last amended, the drafter inadvertently merged the past definition of "allowable expense" with the current definition, resulting in confusing language that does not conform to the NAIC model. The proposed changes bring the definition into conformity with the current NAIC model, as intended during the prior rule amendment.

6.6.3001 PURPOSE AND SCOPE (1) remains the same.

(2) These rules apply to the kinds and lines of insurance to which Title 33, chapter 16, MCA applies, as indicated ~~described~~ in 33-16-103, MCA, and to insurers and rating organizations making filings under 33-16-203, MCA, except they do not apply to workers' compensation insurance.

AUTH: 33-1-313, MCA

IMP: 33-16-201, 33-16-202, 33-16-203, MCA

REASON: The CSI proposes to amend this rule to clarify the reference to the lines of insurance to which the rule is intended to apply. Section 33-16-103, MCA, is an applicability statute that both identifies the lines to which Title 33, chapter 16, MCA applies, and identifies excluded lines. Thus, the statute "describes" two groups of insurance, rendering ARM 6.6.3001(2) ambiguous. This rule implements Title 33, chapter 16, MCA, indicating this rule was intended to apply to the same lines of insurance to which that chapter applies. The CSI proposes to amend the rule to reflect that fact.

6.6.3007 EXISTING RATES AND DEVIATIONS REMAIN IN EFFECT UNTIL DISAPPROVED, REPLACED, OR MODIFIED (1) Nothing in ~~[these rules]~~ this subchapter requires rating organizations or their participating insurers to immediately refile rates in effect. Any participating insurer of a rating organization may continue to use all rates and deviations in effect until such rates are disapproved or until the insurer makes its own filing to change its rates, either by making an independent

filing or by filing a reference filing adoption form adopting the rating organization's prospective loss costs, or the insurer's modification of them.

AUTH: 33-1-313, MCA

IMP: 33-16-201, 33-16-202, 33-16-203, MCA

REASON: The CSI proposes to amend this rule to eliminate form language inadvertently included in the original drafting of the rule. Subchapter 30 is the only subchapter addressing loss cost advisory rate filings. Thus it is apparent from the context that this rule is intended to refer to the subchapter as a whole.

6.6.3401 STANDARDS FOR EVALUATING FINANCIAL CONDITION OF REGULATED COMPANIES (1) through (1)(n) remain the same.

(o) whether the insurer has grown so rapidly and to such an extent that it lacks adequate financial and administrative capacity to meet its obligations in a timely manner; ~~and~~

(p) through (r) remain the same.

(s) whether transactions among affiliates, subsidiaries, or controlling persons for which the insurer receives assets or capital gains, or both, do not provide sufficient value, liquidity, or diversity to assure the insurer's ability to meet its outstanding obligations as they mature; and

(t) remains the same.

AUTH: 33-1-313, 33-2-1517, 33-28-206, MCA

IMP: 33-1-401, 33-2-1321, 33-2-1517, 33-28-108, 33-28-109, 33-28-207, 33-30-102, 33-30-105, MCA

REASON: The CSI proposes to amend this rule to correct a typographical error. In its current form the rule places "and" at the end of a subsection other than the penultimate subsection. The proposed amendment corrects this error.

6.6.3501 DEFINITIONS For the purposes of this subchapter, the following terms shall have the following meanings:

(1) through (8) remain the same.

(9) "Internal control over financial reporting" means a process effected by an entity's board of directors, management, and other personnel designed to provide reasonable assurance regarding the reliability of the financial statements, i.e., those items specified in ARM 6.6.3504(2)(b) through 6.6.3504(3), and includes those policies and procedures that:

(a) through (13) remain the same.

AUTH: 33-1-313, 33-2-1517, MCA

IMP: 33-2-701, 33-2-1517, 33-4-313, 33-5-413, MCA

REASON: The CSI proposes to amend this rule to correct a typographical error; namely, a misplaced comma. The amendment does not affect the meaning of the rule.

6.6.3515 REQUIREMENTS FOR AUDIT COMMITTEES (1) and (2) remain the same.

(3) Each member of the audit committee shall be a member of the board of directors of the insurer or a member of the board of directors of an entity elected pursuant to ~~ARM 6.6.3415(6)~~, and ARM 6.6.3501(3) and 6.6.3515(6).

(4) through (10) remain the same.

AUTH: 33-1-313, 33-2-1517, MCA

IMP: 33-2-701, 33-2-1517, 33-4-313, 33-5-413, MCA

REASON: The CSI proposes to amend this rule to correct an inaccurate reference to another administrative rule. Section 3 refers to ARM 6.6.3415(6) in the context of election of membership of an audit committee. ARM 6.6.3415 does not exist. However, ARM 6.6.3515(6) addresses election of membership of the audit committee; it is apparent from the context that this is the intended reference.

6.6.3520 EXEMPTIONS AND EFFECTIVE DATES (1) Upon written application of any insurer, the commissioner may grant an exemption from compliance with any and all provisions of these rules if the commissioner finds, upon review of the application, that compliance would constitute a financial or organizational hardship upon the insurer. An exemption may be granted at any time and from time to time for a specified period or periods. Within ten days from a denial of an insurer's written request for an exemption, such insurer may make a written request for a hearing on its application for an exemption. Such hearing shall be held in accordance with ~~33-2-701~~ 33-1-701, MCA.

(2) through (7) remain the same.

AUTH: 33-1-313, 33-2-1517, MCA

IMP: 33-1-701, ~~33-2-701~~, 33-2-1517, 33-4-313, 33-5-413, MCA

REASON: The CSI proposes to amend this rule to correct an inaccurate reference to a statute. The rule currently references 33-2-701, MCA, in reference to conducting a hearing regarding an application for exemption from certain administrative rules. That statute does not address hearing procedure. However, 33-1-701, MCA, is the generally applicable statute regarding hearings held by the CSI. It is apparent from the context that this is the intended statutory reference, and the amendment corrects the inaccurate reference to 33-2-701, MCA.

6.6.3715 EXTRAORDINARY DIVIDENDS AND OTHER DISTRIBUTIONS

(1) through (1)(d) remain the same.

(i) the amounts, dates, and forms of payment of all dividends or distributions (including regular dividends but excluding distributions of the insurer's own securities) paid within the period of 12 consecutive months ending on the date fixed for payment of the proposed dividend for which approval is sought and commencing on the day after the same day of the same month in the preceding year;

(ii) through (2) remain the same.

AUTH: 33-1-313, 33-2-1517, MCA
IMP: 33-2-1114, 33-2-1516, MCA

REASON: The CSI proposes to amend this rule to correct a typographical error. The rule currently omits an apostrophe from the word "insurers." The context in which the term is used makes clear that "insurers" is intended in its possessive form. Additionally, the rule governs an individual insurer's dividends and other distributions; thus, the reference to "insurers" is intended in the singular. The rule is proposed to be amended to reflect this.

6.6.4603 APPENDIX "A" - FORM AND CONTENT OF NOTICE (1) The form and content of the summary notice and disclosure document adopted in ARM 6.6.4601, and referred to as "Appendix A" are as follows:

(a) **NOTICE OF
PROTECTION PROVIDED BY
MONTANA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION**

This notice provides a **brief summary** of the Montana Life and Health Insurance Guaranty Association (the Association) and the protection it provides for policyholders. This safety net was created under Montana law, which determines who and what is covered and the amounts of coverage.

The Association was established to provide protection in the unlikely event that your life, annuity or health insurance company becomes financially unable to meet its obligations and is taken over by its Insurance Department. If this should happen, the Association will typically arrange to continue coverage and pay claims, in accordance with Montana law, with funding from assessments paid by other insurance companies.

The basic protections provided by the Association are:

- Life Insurance
 - \$300,000 in death benefits
 - \$100,000 in cash surrender or withdrawal values
- Health Insurance
 - \$500,000 in hospital, medical and surgical insurance benefits
 - \$300,000 in disability income insurance benefits
 - \$300,000 in long-term care insurance benefits
 - \$100,000 in other types of health insurance benefits
- Annuities
 - \$250,000 in withdrawal and cash values

The maximum amount of protection is \$300,000 in benefits with respect to any one life regardless of the number of policies or contracts, except with respect to hospital, medical, and surgical insurance benefits.

Note: Certain policies and contracts may not be covered or fully covered.

For example, coverage does not extend to any portion(s) of a policy or contract that the insurer does not guarantee, such as certain investment additions to the account value of a variable life insurance policy or a variable annuity contract. There are also various residency requirements and other limitations under Montana law.

To learn more about the above protections, as well as protections relating to group contracts or retirement plans, please visit the Association's web site at www.mtlifeqa.org or contact:

Montana Life and Health Insurance Guaranty Association PO Box 9518247 Oconomowoc, WI 53066-0951 Missoula, MT 59807 877-678-1048 or administrator@mtlifeqa.org	Montana Department of Insurance State Auditor's Office Office of the Montana State Auditor Commissioner of Securities and Insurance 840 Helena Ave. Helena, MT 59601 406-444-2040
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Insurance companies and agents are not allowed by Montana law to use the existence of the Association or its coverage to encourage you to purchase any form of insurance. When selecting an insurance company, you should not rely on Association coverage.

If there is any inconsistency between this notice and Montana law, then Montana law will control.

AUTH: 33-1-313, 33-10-210, MCA
IMP: 33-10-210, MCA

REASON: The CSI proposes to amend this rule to correct formatting and update contact information. First, while included in a list of three insurance types, "Life Insurance" is the only one of the three types not preceded by a bullet. Second, the address of the Montana Life and Health Insurance Guaranty Association has changed since this rule was previously amended. Finally, the CSI has modified its naming convention since that time. The rule is proposed to be amended to make these updates.

6.6.6501 PURPOSE (1) The purpose of these rules is to prescribe:

- (a) guidelines and standards for statements of actuarial opinion which are to be submitted in accordance with ~~33-2-521(4), (5)~~ 33-2-407(5) and (6) and 33-7-118(2), MCA, and for memoranda in support thereof;
- (b) and (c) remain the same.

AUTH: 33-1-313, ~~33-2-521~~ 33-2-407, MCA
IMP: ~~33-2-521, 33-2-522, 33-2-523, 33-2-524, 33-2-525, 33-2-526, 33-2-527, 33-2-528, 33-2-529, 33-2-531, 33-2-532, 33-2-533, 33-2-534, 33-2-535, 33-2-537,~~

33-2-407, 33-2-408, 33-2-409, 33-2-410, 33-2-411, 33-2-412, 33-2-413, 33-2-414, 33-2-415, 33-2-416, 33-2-417, 33-7-118, 33-7-411, MCA

REASON: The CSI proposes to amend ARM 6.6.6501, 6.6.6502, 6.6.6503, 6.6.6504, 6.6.6505, 6.6.6508, and 6.6.6509 to account for the fact that numerous applicable statutes formerly located in Title 33, chapter 2, part 5, MCA have been renumbered to Title 33, chapter 2, part 4, MCA. This resulted in both in-rule citation updates, as well as amendments to referenced authorizing and implementing statutes. The proposed amendments also update subsection references within 33-2-407, MCA, to reflect that since the rules' adoption a subsection has been added to the statute which impacted the subsection numbering. Finally, ARM 6.6.6508(1)(e)(iii) is proposed to be amended to insert the word "as," which does not affect the meaning of the rule and was omitted inadvertently.

6.6.6502 AUTHORITY (1) These rules are issued pursuant to the authority vested in the Commissioner of Insurance of the state of Montana under ~~33-2-521~~33-2-407, MCA. These rules will take effect for annual statements for the year 2009.

AUTH: 33-1-313, ~~33-2-521~~ 33-2-407, MCA

IMP: ~~33-2-521, 33-2-522, 33-2-523, 33-2-524, 33-2-525, 33-2-526, 33-2-527, 33-2-528, 33-2-529, 33-2-531, 33-2-532, 33-2-533, 33-2-534, 33-2-535, 33-2-537, 33-2-407, 33-2-408, 33-2-409, 33-2-410, 33-2-411, 33-2-412, 33-2-413, 33-2-414, 33-2-415, 33-2-416, 33-2-417, 33-7-118, 33-7-411, MCA~~

6.6.6503 SCOPE (1) through (3) remain the same.

AUTH: 33-1-313, ~~33-2-521~~ 33-2-407, MCA

IMP: ~~33-2-521, 33-2-522, 33-2-523, 33-2-524, 33-2-525, 33-2-526, 33-2-527, 33-2-528, 33-2-529, 33-2-531, 33-2-532, 33-2-533, 33-2-534, 33-2-535, 33-2-537, 33-2-407, 33-2-408, 33-2-409, 33-2-410, 33-2-411, 33-2-412, 33-2-413, 33-2-414, 33-2-415, 33-2-416, 33-2-417, 33-7-118, 33-7-411, MCA~~

6.6.6504 DEFINITIONS (1) through (3) remain the same.

(4) "Appointed actuary" means any individual who is appointed or retained in accordance with the requirements set forth in ARM 6.6.6505(3) to provide the actuarial opinion and supporting memorandum as required by ~~33-2-521(4), (5)~~ 33-2-407(5) and (6), and 33-7-118(2), MCA.

(5) through (8) remain the same.

AUTH: 33-1-313, ~~33-2-521~~ 33-2-407, MCA

IMP: ~~33-2-521, 33-2-522, 33-2-523, 33-2-524, 33-2-525, 33-2-526, 33-2-527, 33-2-528, 33-2-529, 33-2-531, 33-2-532, 33-2-533, 33-2-534, 33-2-535, 33-2-537, 33-2-407, 33-2-408, 33-2-409, 33-2-410, 33-2-411, 33-2-412, 33-2-413, 33-2-414, 33-2-415, 33-2-416, 33-2-417, 33-7-118, 33-7-411, MCA~~

6.6.6505 GENERAL REQUIREMENTS (1) through (4) remain the same.

(5) Liabilities to be covered by the actuarial opinion are as follows:

(a) Under authority of ~~33-2-521(4), (5)~~ 33-2-407(5) and (6), and 33-7-118(2), MCA, the statement of actuarial opinion shall apply to all in force business on the statement date, whether directly issued or assumed, regardless of when or where issued, e.g., reserves of Exhibits 8, 9, and 10, and claim liabilities in Exhibit 11, Part 1 and equivalent items in the separate account statement or statements.

(b) If the appointed actuary determines as the result of asset adequacy analysis that a reserve should be held in addition to the aggregate reserve held by the company and calculated in accordance with methods set forth in ~~33-2-525, 33-2-526 and 33-2-537~~ 33-2-411, 33-2-412, and 33-2-417, MCA, the company shall establish such additional reserve.

(c) remains the same.

AUTH: 33-1-313, ~~33-2-524~~ 33-2-407, MCA

IMP: ~~33-1-313, 33-2-521, 33-2-522, 33-2-523, 33-2-524, 33-2-525, 33-2-526, 33-2-527, 33-2-528, 33-2-529, 33-2-531, 33-2-532, 33-2-533, 33-2-534, 33-2-535, 33-2-537, 33-2-407, 33-2-408, 33-2-409, 33-2-410, 33-2-411, 33-2-412, 33-2-413, 33-2-414, 33-2-415, 33-2-416, 33-2-417, 33-7-118, 33-7-411~~, MCA

6.6.6508 STATEMENT OF ACTUARIAL OPINION BASED ON AN ASSET ADEQUACY ANALYSIS (1) through (1)(e)(ii) remain the same.

(iii) if the appointed actuary must disclose whether additional reserves as of the prior opinion date are released as of this opinion date, and the extent of the release; or

(iv) through (5) remain the same.

(6) Under ~~33-2-524~~ 33-2-407, MCA, the commissioner has broad authority to accept the valuation of a foreign insurer when that valuation meets the requirements applicable to a company domiciled in this state in the aggregate. As an alternative to the requirements of (2)(f)(iii), the commissioner may make one or more of the following additional approaches available to the opining actuary:

(a) through (d) remain the same.

AUTH: 33-1-313, ~~33-2-524~~ 33-2-407, MCA

IMP: ~~33-2-521, 33-2-522, 33-2-523, 33-2-524, 33-2-525, 33-2-526, 33-2-527, 33-2-528, 33-2-529, 33-2-531, 33-2-532, 33-2-533, 33-2-534, 33-2-535, 33-2-537, 33-2-407, 33-2-408, 33-2-409, 33-2-410, 33-2-411, 33-2-412, 33-2-413, 33-2-414, 33-2-415, 33-2-416, 33-2-417, 33-7-118, 33-7-411~~, MCA

6.6.6509 DESCRIPTION OF ACTUARIAL MEMORANDUM INCLUDING AN ASSET ADEQUACY ANALYSIS AND REGULATORY ASSET ADEQUACY ISSUES SUMMARY (1) In accordance with ~~33-2-521(4), (5)~~ 33-2-407(5) and (6), and 33-7-118(2), MCA, the appointed actuary shall prepare a memorandum to the company describing the analysis done in support of his or her opinion regarding the reserves under an ARM 6.6.6508 opinion. The memorandum shall be made available for examination by the commissioner upon his or her request but shall be returned to the company after such examination and shall not be considered a record of the insurance department or subject to automatic filing with the commissioner.

(a) through (c) remain the same.

(d) In accordance with ~~33-2-521(4)~~ 33-2-407(5), MCA, the appointed actuary shall prepare a regulatory asset adequacy issues summary, the contents of which are specified in (3)(a) through (3)(f). The regulatory asset adequacy issues summary will be submitted no later than March 15 of the year following the year for which a statement of actuarial opinion based on asset adequacy is required. The regulatory asset adequacy issues summary is to be kept confidential to the same extent and under the same conditions as the actuarial memorandum.

(2) through (7) remain the same.

AUTH: 33-1-313, ~~33-2-524~~ 33-2-407, MCA

IMP: ~~33-2-521, 33-2-522, 33-2-523, 33-2-524, 33-2-525, 33-2-526, 33-2-527, 33-2-528, 33-2-529, 33-2-531, 33-2-532, 33-2-533, 33-2-534, 33-2-535, 33-2-537, 33-2-407, 33-2-408, 33-2-409, 33-2-410, 33-2-411, 33-2-412, 33-2-413, 33-2-414, 33-2-415, 33-2-416, 33-2-417, 33-7-118, 33-7-411~~, MCA

6.6.6805 PERMITTED REINSURANCE (1) through (10) remain the same.

AUTH: 33-2-121, ~~33-2-217~~, 33-28-102, 33-28-206, MCA

IMP: 33-28-203, MCA

REASON: The CSI proposes to amend this rule because it currently cites as an authorizing statute 33-2-217, MCA, which is not an existing statute. The rule cites three other statutes providing sufficient authority for the rule's existence.

6.6.6820 REVOCATION OF THE COMPANY'S LICENSE (1) The commissioner may revoke the license of a company in accordance with ~~33-28-108~~ 33-28-109, MCA, including, but not limited to, the following reasons:

(a) through (2) remain the same.

AUTH: 33-28-206, MCA

IMP: 33-28-109, MCA

REASON: The CSI proposes to amend this rule to correct a typographic citation error. The rule currently provides for revocation "in accordance with 33-28-108, MCA." As is correctly stated later in the rule, the statute governing revocation of a captive insurance company is 33-28-109, MCA, and this amendment reflects that fact.

6.6.7101 AUTHORITY (1) This subchapter's rules are promulgated by the Commissioner of Insurance pursuant to ~~33-2-523~~ 33-2-409, MCA, and ARM 6.6.6707.

AUTH: 33-1-313, MCA

IMP: ~~33-2-523~~ 33-2-409, MCA

REASON: The CSI proposes to change this rule to reflect the renumbering of 33-2-523, MCA. That statute is now codified as 33-2-409, MCA, effective in 2015. Both

the substantive reference to the statute and the reference to it as an implementing statute are proposed to be updated.

6.6.7102 PURPOSE (1) The purpose of this subchapter's rules is to recognize, permit, and prescribe the use of mortality tables that reflect differences in mortality between preferred and standard lives in determining minimum reserve liabilities in accordance with ~~33-2-523~~ 33-2-409, MCA, and ARM 6.6.6707.

AUTH: 33-1-313, MCA
IMP: ~~33-2-523~~ 33-2-409, MCA

REASON: The CSI proposes to change this rule to reflect the renumbering of 33-2-523, MCA, as stated above under ARM 6.6.7101.

6.6.8504 FORMS AND MATERIALS FILINGS, APPROVALS, AND REVISIONS (1) and (2) remain the same.

(3) If a viator, prior to ~~effectuating~~ effectuating a viatical settlement, requests any changes to a contract form previously approved by the commissioner, the provider shall file a letter with the commissioner requesting a deviation from the standard contract form. The letter must provide:

(a) through (4) remain the same.

AUTH: 33-20-1315, MCA
IMP: 33-1-501, 33-20-1308, 33-20-1311, MCA

REASON: The CSI proposes to amend this rule to correct the misspelling of the word "effectuated."

6.6.8505 DISCLOSURE (1) remains the same.

(2) The disclosure document must contain the following language; :

(a) "all medical, financial, or personal information ~~solicited~~ solicited or obtained by a viatical settlement provider or viatical settlement broker about a viator and insured, including the viator and insured's identity or the identity of family members is confidential."

(3) and (4) remain the same.

AUTH: 33-20-1315, MCA
IMP: 33-20-1311, MCA

REASON: The CSI proposes to amend this rule to change the semicolon in (2) to a colon for clarity and to correct the misspelling of the word "solicited" in (2)(a).

4. Concerned persons may submit their data, views, or arguments in writing to: Michael Kakuk, Attorney, Office of the Montana State Auditor, 840 Helena Ave., Helena, Montana, 59601; telephone (406) 444-0385; fax (406) 444-3497; or e-mail mkakuk@mt.gov, and must be received no later than 5:00 p.m., September 1, 2017.

5. If persons who are directly affected by the proposed action wish to express their data, views, or arguments orally or in writing at a public hearing, they must make written request for a hearing and submit this request along with any written comments to Michael Kakuk at the above address no later than 5:00 p.m., September 1, 2017.

6. If the agency receives requests for a public hearing on the proposed action from either 10 percent or 25, whichever is less, of the persons directly affected by the proposed action; from the appropriate administrative rule review committee of the Legislature; from a governmental subdivision or agency; or from an association having not less than 25 members who will be directly affected, a hearing will be held at a later date. Notice of the hearing will be published in the Montana Administrative Register. Ten percent of those directly affected has been determined to be 44 persons based on the membership of the Montana Life and Health Guaranty Association. Almost all of the rule changes are non-substantive and have no impact on any party, but are necessary for the CSI to satisfy its requirements for periodic review of administrative rules. However, the amendment to ARM 6.6.4603 may result in a change to disclosure documentation sent to insureds, and thus may impact the Association and its members who are responsible for providing the disclosures.

7. The CSI maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list may sign up by clicking on the blue button on the CSI's website at: <http://csimt.gov/laws-rules/> and may specify the subject matter they are interested in. Notices will be sent by e-mail unless a mailing preference is noted in the request. Request may also be sent to the CSI in writing. Such written request may be mailed or delivered to the contact information in 2 above, or may be made by completing a request form at any rules hearing held by the CSI.

8. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

9. With regard to the requirements of 2-4-111, MCA, the department has determined that the amendment of the above-referenced rules will not significantly and directly impact small businesses.

/s/ Michael A. Kakuk
Michael A. Kakuk
Rule Reviewer

/s/ Kris Hansen
Kris Hansen
Chief Legal Counsel

Certified to the Secretary of State July 24, 2017.