

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

In the matter of the adoption of New)	NOTICE OF PROPOSED
Rules I through VIII and the)	ADOPTION AND AMENDMENT
amendment of ARM 6.6.6701,)	
6.6.6705, and 6.6.6707 pertaining to)	NO PUBLIC HEARING
Term and Universal Life Insurance)	CONTEMPLATED
Reserve Financing)	

TO: All Concerned Persons

1. On September 1, 2022, the Commissioner of Securities and Insurance, Office of the Montana State Auditor (CSI) proposes to adopt and amend the above-stated rules.

2. 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 CSI no later than 5:00 p.m. on July 19, 2022, to advise us of the nature of the accommodation that you need. Please contact Sam Loveridge, Communications Director, 840 Helena Avenue, Helena, Montana, 59601; telephone (406) 444-2040 or 1-800-332-6148; fax (406) 444-3497; TDD (406) 444-3246; or e-mail csi@mt.gov.

3. The rules as proposed to be adopted provide as follows:

NEW RULE I PURPOSE AND INTENT (1) The purpose and intent of [New Rules I through VIII] is to establish uniform, national standards governing reserve financing arrangements pertaining to life insurance policies containing guaranteed nonlevel gross premiums, guaranteed nonlevel benefits and universal life insurance policies with secondary guarantees; and to ensure that, with respect to each such financing arrangement, funds consisting of primary security and other security, as defined in [New Rule IV], are held by or on behalf of ceding insurers in the forms and amounts required herein.

(2) In general, reinsurance ceded for reserve financing purposes has one or more of the following characteristics:

(a) some or all of the assets used to secure the reinsurance treaty or to capitalize the reinsurer:

(i) are issued by the ceding insurer or its affiliates; or

(ii) are not unconditionally available to satisfy the general account obligations of the ceding insurer; or

(iii) create a reimbursement, indemnification, or other similar obligation on the part of the ceding insurer or any of its affiliates (other than a payment obligation under a derivative contract 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).

AUTH: 33-1-313, 33-2-1517, MCA
IMP: 33-2-1216, 33-2-1217, MCA

NEW RULE II APPLICABILITY (1) [New Rules I through VIII] pertain to all covered policies, in force as of and after September 1, 2022.

(2) [New Rules I through VIII] shall apply to reinsurance treaties that cede liabilities pertaining to covered policies, as that term is defined in [New Rule IV], issued by any life insurance company domiciled in this state. [New Rules I through VIII] and ARM Title 6, chapter, 6, subchapter 38 shall apply to such reinsurance treaties, provided that in the event of a direct conflict between [New Rules I through VIII] and ARM Title 6, chapter, 6, subchapter 38, [New Rules I through VIII] shall apply, but only to the extent of the conflict.

AUTH: 33-1-313, 33-2-1517, MCA
IMP: 33-2-1216, 33-2-1217, MCA

NEW RULE III EXEMPTIONS (1) [New Rules I through VIII] do not apply to the situations described below:

(a) reinsurance of:

(i) Policies that satisfy the criteria for exemption set forth in ARM 6.6.6709(5) and (6) and (11) through (13) or ARM 6.6.6709(14), and which are issued before the later of:

(A) September 1, 2022; and

(B) The date on which the ceding insurer begins to apply the provisions of VM-20 to establish the ceded policies' statutory reserves, but in no event later than January 1, 2020;

(ii) Portions of policies that satisfy the criteria for exemption set forth in ARM 6.6.6709(7) through (10) and which are issued before the later of:

(A) September 1, 2022; and

(B) The date on which the ceding insurer begins to apply the provisions of VM-20 to establish the ceded policies' statutory reserves, but in no event later than January 1, 2020;

(iii) Any universal life policy that meets all of the following requirements:

(A) Secondary guarantee period, if any, is five years or less;

(B) Specified premium for the secondary guarantee period is not less than the net level reserve premium for the secondary guarantee period based on the commissioner's standard ordinary (CSO) valuation tables and valuation interest rate applicable to the issue year of the policy; and

(C) The initial surrender charge is not less than 100% of the first year annualized specified premium for the secondary guarantee period;

(iv) Credit life insurance;

(v) Any variable life insurance policy that provides for life insurance, the amount or duration of which varies according to the investment experience of any separate account or accounts; or

(vi) Any group life insurance certificate unless the certificate provides for a stated or implied schedule of maximum gross premiums required in order to continue coverage in force for a period in excess of one year.

(b) Reinsurance ceded to an assuming insurer that meets the applicable requirements of 33-2-1216(5), MCA; or

(c) Reinsurance ceded to an assuming insurer that meets the applicable requirements of 33-2-1216(2), (3), or (4), MCA, and that, in addition:

(i) Prepares statutory financial statements in compliance with the NAIC Accounting Practices and Procedures Manual, without any departures from NAIC statutory accounting practices and procedures pertaining to the admissibility or valuation of assets or liabilities that increase the assuming insurer's reported surplus and are material enough that they need to be disclosed in the financial statement of the assuming insurer pursuant to Statement of Statutory Accounting Principles No. 1 (SSAP 1); and

(ii) Is not in a company action level event, regulatory action level event, authorized control level event, or mandatory control level event as those terms are defined in Title 33, chapter 2, part 19, MCA, when its RBC is calculated in accordance with the life risk-based capital report including overview and instructions for companies, as the same may be amended by the NAIC from time to time, without deviation; or

(d) Reinsurance ceded to an assuming insurer that meets the applicable requirements of 33-2-1216(2), (3), or (4), MCA, and that, in addition:

(i) Is not an affiliate, as that term is defined in 33-2-1101, MCA, of:

(A) The insurer ceding the business to the assuming insurer; or

(B) Any insurer that directly or indirectly ceded the business to that ceding insurer;

(ii) Prepares statutory financial statements in compliance with the NAIC Accounting Practices and Procedures Manual;

(iii) Is both:

(A) Licensed or accredited in at least 10 states (including its state of domicile); and

(B) Not licensed in any state as a captive, special purpose vehicle, special purpose financial captive, special purpose life reinsurance company, limited purpose subsidiary, or any other similar licensing regime; and

(iv) Is not, or would not be, below 500% of the authorized control level RBC as that term is defined in Title 33, chapter 2, part 19, MCA, when its risk-based capital (RBC) is calculated in accordance with the life risk-based capital report including overview and instructions for companies, as the same may be amended by the NAIC from time to time, without deviation, and without recognition of any departures from NAIC statutory accounting practices and procedures pertaining to the admission or valuation of assets or liabilities that increase the assuming insurer's reported surplus; or

(e) Reinsurance ceded to an assuming insurer that satisfies one of the following requirements:

(i) meets the conditions set forth in 33-2-1216(7), MCA; or

(ii) is certified in this state as a reinsurer pursuant to 33-2-1216(6), MCA; or

(iii) maintains at least \$250 million in capital and surplus when determined in accordance with the NAIC Accounting Practices and Procedures Manual, excluding the impact of any permitted or prescribed practices and:

(A) is licensed in at least 26 states; or

(B) is licensed in at least 10 states, and licensed or accredited in a total of at least 35 states; or

(f) Reinsurance not otherwise exempt under (a) through (e) of this rule if the commissioner, after consulting with the NAIC Financial Analysis Working Group (FAWG) or other group of regulators designated by the NAIC, as applicable, determines under all the facts and circumstances that all of the following apply:

(i) The risks are clearly outside of the intent and purpose of [New Rules I through VIII] (as described in [New Rule I(2)]);

(ii) The risks are included within the scope of [New Rules I through VIII] only as a technicality; and

(iii) The application of [New Rules I through VIII] to those risks is not necessary to provide appropriate protection to policyholders. The commissioner shall publicly disclose any decision made pursuant to this provision to exempt a reinsurance treaty from [New Rules I through VIII], as well as the general basis therefor (including a summary description of the treaty).

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

IMP: 33-2-1216, 33-2-1217, MCA

NEW RULE IV DEFINITIONS For purposes of [New Rules I through VIII]:

(1) "Actuarial method" means the methodology used to determine the required level of primary security, as described in [New Rule VI].

(2) "Covered policies" means, subject to the exemptions described in [New Rule III], 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 [New Rule III] 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.

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

IMP: 33-2-1216, 33-2-1217, MCA

NEW RULE V THE ACTUARIAL METHOD (1) The actuarial method to establish the required level of primary security for each reinsurance treaty subject to [New Rules I through VIII] shall be VM-20, applied on a treaty-by-treaty basis, including all relevant definitions, from the Valuation Manual as then in effect, applied as follows:

(a) For covered policies described in [New Rule IV(2)(a)], the actuarial method is the greater of the deterministic reserve or the net premium reserve (NPR) regardless of whether the criteria for exemption testing can be met. However, if the covered policies do not meet the requirements of the stochastic reserve exclusion test in the Valuation Manual, then the actuarial method is the greatest of the deterministic reserve, the stochastic reserve, or the NPR. In addition, if such covered policies are reinsured in a reinsurance treaty that also contains covered policies described in [New Rule IV(2)(b)], the ceding insurer may elect to instead use (1)(b) below as the actuarial method for the entire reinsurance agreement. Whether (1)(a) or (1)(b) are used, the actuarial method must comply with any requirements or restrictions that the Valuation Manual imposes when aggregating these policy types for purposes of principle-based reserve calculations.

(b) For covered policies described in [New Rule IV(2)(b)], the actuarial method is the greatest of the deterministic reserve, the stochastic reserve, or the NPR regardless of whether the criteria for exemption testing can be met.

(c) Except as provided in (a), the actuarial method is to be applied on a gross basis to all risks with respect to the covered policies as originally issued or assumed by the ceding insurer.

(d) If the reinsurance treaty cedes less than 100% of the risk with respect to the covered policies then the required level of primary security may be reduced as follows:

(i) If a reinsurance treaty cedes only a quota share of some or all of the risks pertaining to the covered policies, the required level of primary security, as well as any adjustment under (iii) below, may be reduced to a pro rata portion in accordance with the percentage of the risk ceded;

(ii) If the reinsurance treaty in a non-exempt arrangement cedes only the risks pertaining to a secondary guarantee, the required level of primary security may be reduced by an amount determined by applying the actuarial method on a gross basis to all risks, other than risks related to the secondary guarantee, pertaining to the covered policies, except that for covered policies for which the ceding insurer did not elect to apply the provisions of VM-20 to establish statutory reserves, the required level of primary security may be reduced by the statutory reserve retained by the ceding insurer on those covered policies, where the retained reserve of those covered policies should be reflective of any reduction pursuant to the cession of mortality risk on a yearly renewable term basis in an exempt arrangement;

(iii) If a portion of the covered policy risk is ceded to another reinsurer on a yearly renewable term basis in an exempt arrangement, the required level of primary security may be reduced by the amount resulting by applying the actuarial method including the reinsurance section of VM-20 to the portion of the covered policy risks ceded in the exempt arrangement, except that for covered policies issued prior to January 1, 2017, this adjustment is not to exceed $[c_x / (2 * \text{number of reinsurance premiums per year})]$ where c_x is calculated using the same mortality table used in calculating the net premium reserve; and

(iv) For any other treaty ceding a portion of risk to a different reinsurer, including but not limited to stop loss, excess of loss, and other non-proportional reinsurance treaties, there will be no reduction in the required level of primary security.

(e) It is possible for any combination of (d)(i), (ii), (iii), and (iv) above to apply. Such adjustments to the required level of primary security will be done in the sequence that accurately reflects the portion of the risk ceded via the treaty. The ceding insurer should document the rationale and steps taken to accomplish the adjustments to the required level of primary security due to the cession of less than 100% of the risk.

(f) The adjustments for other reinsurance will be made only with respect to reinsurance treaties entered into directly by the ceding insurer. The ceding insurer will make no adjustment as a result of a retrocession treaty entered into by the assuming insurers.

(g) If a reinsurance treaty subject to [New Rules I through VIII] cedes risk on both covered and non-covered policies, credit for the ceded reserves shall be determined as follows:

(i) The actuarial method shall be used to determine the required level of primary security for the covered policies, and [New Rule VI] shall be used to determine the reinsurance credit for the covered policy reserves; and

(ii) Credit for the non-covered policy reserves shall be granted only to the extent that security, in addition to the security held to satisfy the requirements of (i) above, is held by or on behalf of the ceding insurer in accordance with 33-2-1216 and 33-2-1217, MCA. Any primary security used to meet the requirements of this

subsection may not be used to satisfy the required level of primary security for the covered policies.

(h) In no event will the required level of primary security resulting from application of the actuarial method exceed the amount of statutory reserves ceded.

(i) If the ceding insurer cedes risks with respect to covered policies, including any riders, in more than one reinsurance treaty subject to [New Rules I through VIII], in no event will the aggregate required level of primary security for those reinsurance treaties be less than the required level of primary security calculated using the actuarial method as if all risks ceded in those treaties were ceded in a single treaty subject to [New Rules I through VIII].

(2) For the purposes of both calculating the required level of primary security pursuant to the actuarial method and determining the amount of primary security and other security, as applicable, held by or on behalf of the ceding insurer, the following shall apply:

(a) For assets, including any such assets held in trust, that would be admitted under the NAIC Accounting Practices and Procedures Manual if they were held by the ceding insurer, the valuations are to be determined according to statutory accounting procedures as if such assets were held in the ceding insurer's general account and without taking into consideration the effect of any prescribed or permitted practices; and

(b) For all other assets, the valuations are to be those that were assigned to the assets for the purpose of determining the amount of reserve credit taken. The tables of asset spreads and asset default costs shall be incorporated into the actuarial method in the manner specified in VM-20.

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

IMP: 33-2-1216, 33-2-1217, MCA

NEW RULE VI REQUIREMENTS APPLICABLE TO COVERED POLICIES TO OBTAIN CREDIT FOR REINSURANCE; OPPORTUNITY FOR REMEDIATION

(1) Subject to the exemptions described in [New Rule III] and the provisions of (2) below, credit for reinsurance shall be allowed with respect to ceded liabilities pertaining to covered policies pursuant to 33-2-1216 or 33-2-1217, MCA, if, and only if, in addition to all other requirements imposed by law or regulation, the following requirements are met on a treaty-by-treaty basis:

(a) The ceding insurer's statutory policy reserves with respect to the covered policies are established in full and in accordance with the applicable requirements of Title 33, chapter 2, part 4, MCA, and related regulations and actuarial guidelines, and credit claimed for any reinsurance treaty subject to [New Rules I through VIII] does not exceed the proportionate share of those reserves ceded under the contract; and

(b) The ceding insurer determines the required level of primary security with respect to each reinsurance treaty subject to [New Rules I through VIII] and provides support for its calculation as determined to be acceptable to the commissioner; and

(c) Funds consisting of primary security, in an amount at least equal to the required level of primary security, are held by or on behalf of the ceding insurer, as

security under the reinsurance treaty within the meaning of 33-2-1217, MCA, on a funds-withheld, trust, or modified coinsurance basis; and

(d) Funds consisting of other security, in an amount at least equal to any portion of the statutory reserves as to which primary security is not held pursuant to (1)(c) above, are held by or on behalf of the ceding insurer as security under the reinsurance treaty within the meaning of 33-2-1217, MCA; and

(e) Any trust used to satisfy the requirements of this rule shall comply with all of the conditions and qualifications of trusts set forth in ARM Title 6, chapter 6, subchapter 38, except that:

(i) Funds consisting of primary security or other security held in trust, shall for the purposes identified in [New Rule V(2)], be valued according to the valuation rules set forth in [New Rule V(2)], as applicable; and

(ii) There are no affiliate investment limitations with respect to any security held in such trust if such security is not needed to satisfy the requirements of (1)(c) above; and

(iii) The reinsurance treaty must prohibit withdrawals or substitutions of trust assets that would leave the fair market value of the primary security within the trust (when aggregated with primary security outside the trust that is held by or on behalf of the ceding insurer in the manner required by (1)(c)) below 102% of the level required by (1)(c) at the time of the withdrawal or substitution; and

(iv) The determination of reserve credit under ARM 6.6.3862 shall be determined according to the valuation rules set forth in [New Rule V(2)], as applicable; and

(f) The reinsurance treaty has been approved by the commissioner.

(2) Requirements at inception date and on an ongoing basis, and remediation, are as follows:

(a) The requirements of (1) must be satisfied as of the date that risks under covered policies are ceded (if such date is on or after September 1, 2022) and on an ongoing basis thereafter. Under no circumstances shall a ceding insurer take or consent to any action or series of actions that would result in a deficiency under (1)(c) or (1)(d) with respect to any reinsurance treaty under which covered policies have been ceded, and in the event that a ceding insurer becomes aware at any time that such a deficiency exists, it shall use its best efforts to arrange for the deficiency to be eliminated as expeditiously as possible.

(b) Prior to the due date of each quarterly or annual statement, each life insurance company that has ceded reinsurance within the scope of [New Rule II] shall perform an analysis, on a treaty-by-treaty basis, to determine, as to each reinsurance treaty under which covered policies have been ceded, whether as of the end of the immediately preceding calendar quarter (the valuation date) the requirements of (1)(c) and (1)(d) were satisfied. The ceding insurer shall establish a liability equal to the excess of the credit for reinsurance taken over the amount of primary security actually held pursuant to (1)(c), unless either:

(i) The requirements of (1)(c) and (1)(d) were fully satisfied as of the valuation date as to such reinsurance treaty; or

(ii) Any deficiency has been eliminated before the due date of the quarterly or annual statement to which the valuation date relates through the addition of primary security and/or other security, as the case may be, in such amount and in such form

as would have caused the requirements of (1)(c) and (1)(d) to be fully satisfied as of the valuation date.

(c) Nothing in (2)(b) above shall be construed to allow a ceding company to maintain any deficiency under (1)(c) and (1)(d) for any period of time longer than is reasonably necessary to eliminate it.

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

IMP: 33-2-1216, 33-2-1217, MCA

NEW RULE VII PROHIBITION AGAINST AVOIDANCE (1) No insurer that has covered policies as to which [New Rules I through VIII] apply (as set forth in [New Rule II]) shall take any action or series of actions, or enter into any transaction or arrangement or series of transactions or arrangements if the purpose of such action, transaction, or arrangement or series thereof is to avoid the requirements of [New Rules I through VIII], or to circumvent their purpose and intent, as set forth in [New Rule I].

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

IMP: 33-2-1216, 33-2-1217, MCA

NEW RULE VIII SEVERABILITY (1) If any provision of [New Rules I through VIII] is held invalid, the remainder shall not be affected.

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

IMP: 33-2-1216, 33-2-1217, MCA

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

6.6.6701 PURPOSE (1) The purpose of ~~these rules~~ ARM 6.6.6701 through 6.6.6713 is to provide:

(a) through (c) remain the same.

(2) The method for calculating basic reserves defined in ~~these rules~~ ARM 6.6.6701 through 6.6.6713 will constitute the commissioners' reserve valuation method for policies to which ~~these rules~~ they are applicable.

AUTH: 33-1-313, 33-2-418, MCA

IMP: 33-2-407, 33-2-408, 33-2-409, 33-2-410, 33-2-411, 33-2-412, 33-2-413, 33-3-414, 33-2-415, 33-2-416, 33-2-417, MCA

6.6.6705 DEFINITIONS For purposes of ~~this subchapter~~ ARM 6.6.6701 through 6.6.6713:

(1) through (12) remain the same.

AUTH: 33-1-313, 33-2-418, MCA

IMP: 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, MCA

6.6.6707 GENERAL CALCULATION REQUIREMENTS FOR BASIC RESERVES AND PREMIUM DEFICIENCY RESERVES (1) through (2)(a) remain the same.

(b) the select mortality factors in ARM 6.6.6713 ~~of these rules~~;

(c) through (c)(vii)(B) remain the same.

(C) the appointed actuary shall annually opine for all policies subject to ~~these rules~~ ARM 6.6.6701 through 6.6.6713 as to whether the mortality rates resulting from the application of X meet the requirements of (2)(c). This opinion shall be supported by an actuarial report, subject to appropriate actuarial standards of practice promulgated by the actuarial standards board of the American academy of actuaries. The X factors shall reflect anticipated future mortality, without recognition of mortality improvement beyond the valuation date, taking into account relevant emerging experience;

(d) through (6) remain the same.

AUTH: 33-1-313, 33-2-418, MCA

IMP: 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, MCA

5. REASON: The Commissioner of Securities and Insurance, Montana State Auditor, Troy Downing (commissioner) is the statewide elected official responsible for administering the Montana Insurance Code and regulating the business of insurance. Chapter 65, passed by the 67th Montana Legislature (effective March 23, 2021), amended 33-2-1216 and 33-2-1217, MCA, regarding credit for reinsurance, a practice regularly used in the insurance industry.

The National Association of Insurance Commissioners (NAIC) is an organization of insurance regulators from the 50 states, the District of Columbia, and the U.S. Territories. The NAIC provides a forum for the development of uniform policy and regulation when uniformity is appropriate. The statutory amendments passed in 2021 were based on the NAIC model law regarding credit for reinsurance. Proposed New Rules I through VIII are derived from the NAIC Term and Universal Life Insurance Reserve Financing Model Regulation (#787) (2016) and are necessary to implement the statutory changes made in 2021 and to conform with the NAIC model regulations. Further, they ensure uniformity with other states and are necessary to meet the NAIC accreditation standards.

It is anticipated that the proposed new rules would be placed in ARM Title 6, chapter 6, subchapter 67, and thus where existing rules in that subchapter make general references to "these rules" or "this subchapter," those references would become overly broad and inaccurate. To avoid such overbreadth, existing rules ARM 6.6.6701, 6.6.6705, and 6.6.6707 are proposed to be amended to specify the scope of their application.

6. Concerned persons may submit their data, views, or arguments either orally or in writing at the hearing. Written data, views, or arguments may also be submitted to: Sam Loveridge, CSI Communications Director, 840 Helena Avenue, Helena, Montana, 59601; telephone (406) 444-2040 or 1-800-332-6148; fax (406)

444-3497; TDD (406) 444-3246; or e-mail CSI@mt.gov, and must be received no later than 5:00 p.m., August 5, 2022.

7. If persons who are directly affected by the proposed actions 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 Sam Loveridge at the above address no later than 5:00 p.m., August 5, 2022.

8. If the agency receives requests for a public hearing on the proposed actions from either 10 percent or 25, whichever is less, of the persons directly affected by the proposed actions; 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 far in excess of 25 persons based on the potential for the actions to impact every person insured by a Montana domestic insurance company if that company chooses to use a certified reinsurer.

9. 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 must make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a mailing preference is noted in the request. Such written request may be mailed or delivered to the contact person in paragraph 6 above or may be made by completing a request form at any rules hearing held by CSI.

10. An electronic copy of this proposal notice is available through the Secretary of State's website at <http://sosmt.gov/ARM/Register>.

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

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

/s/ Kirsten Madsen
Kirsten Madsen
Rule Reviewer

/s/ Ole Olson
Ole Olson
Chief Legal Counsel
Commissioner of Securities and Insurance,
Office of the Montana State Auditor

Certified to the Secretary of State June 28, 2022.