

304.6-131 Definitions for KRS 304.6-130 to 304.6-180.

As used in KRS 304.6-130 to 304.6-180, unless the context requires otherwise, the following definitions shall apply on or after the operative date of the valuation manual, as defined in subsection (11) of this section:

- (1) "Accident and health insurance" means contracts that incorporate morbidity risk and provide protection against economic loss resulting from accident, sickness, or medical conditions and as may be specified in the valuation manual;
- (2) "Appointed actuary" means a qualified actuary who is appointed in accordance with the valuation manual to prepare the actuarial opinion required by KRS 304.6-171(6) to (10);
- (3) "Company" means an entity which has written, issued, or reissued life insurance, accident and health insurance, or deposit-type contracts:
 - (a) In Kentucky and has at least one (1) policy in force or a claim; or
 - (b) In any state and is required to hold a certificate of authority to write life insurance, accident and health insurance, or deposit-type contracts in this state;
- (4) "Deposit-type contract" means a contract that does not incorporate mortality or morbidity risks and as may be specified in the valuation manual;
- (5) "Life insurance" means contracts that incorporate mortality risk, including annuity and pure endowment contracts, and as may be specified in the valuation manual;
- (6) "NAIC" means the National Association of Insurance Commissioners;
- (7) "Policyholder behavior" means any action a policyholder, contract holder, or any other person with the right to elect options may take under a policy or contract subject to KRS 304.6-130 to 304.6-180, excluding events of mortality that result in benefits prescribed in their essential aspects by the terms of the policy or contract, including but not limited to:
 - (a) Lapse;
 - (b) Withdrawal;
 - (c) Transfer;
 - (d) Deposit;
 - (e) Premium payment;
 - (f) Loan;
 - (g) Annuitization; or
 - (h) Benefit elections;
- (8) "Principle-based valuation" means a reserve valuation that uses one (1) or more methods or one (1) or more assumptions determined by the company and is required to comply with KRS 304.6-151 as specified in the valuation manual;
- (9) "Qualified actuary" means an individual who is qualified to sign the applicable statement of actuarial opinion in accordance with the American Academy of Actuaries qualification standards for actuaries signing the statements and who meets the requirements specified in the valuation manual;

- (10) "Tail risk" means a risk that occurs either where the frequency of low-probability events is higher than expected under a normal probability distribution or when there are observed events of very significant size or magnitude; and
- (11) "Valuation manual" means the manual of valuation instructions adopted by the NAIC and any subsequent amendments.

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