

INSURANCE DIVISION[191]

Adopted and Filed

Pursuant to the authority of Iowa Code section 508.36, the Insurance Division hereby amends Chapter 5, “Regulation of Insurers—General Provisions,” Iowa Administrative Code.

The rules in Chapter 5 prescribe requirements for statements of actuarial opinion that are to be submitted in accordance with Iowa Code section 508.36 and for memoranda in support thereof; rules applicable to the appointment of an appointed actuary; and guidance as to the meaning of “adequacy or reserves.” These amendments provide an example in the regulatory asset adequacy issues summary, renumber the Asset Adequacy Tested Amounts Table, and amend the regulatory asset adequacy issues summary submission requirement to require that foreign companies submit only upon request by the Commissioner. The Division intends that Iowa insurance companies and insurance holding companies will comply with the amendments beginning December 8, 2010.

Notice of Intended Action was published in the Iowa Administrative Bulletin on September 8, 2010, as **ARC 9069B**. Comments regarding the amendment were to be received during the comment period and at the public hearing on September 28, 2010.

Following the public hearing, two changes were recommended that are in character with the Noticed rule making and a logical outgrowth of the amendment and comments received by the Division. These changes are represented herein as Items 1 and 2. This rule making is substantially similar to the original Notice of Intended Action with the addition of the following amendments:

A request was made to update the Exhibit numbers in subparagraph 5.34(6)“b”(2) because of formatting changes to the Exhibits. That change has been made in Item 1.

A request was made to eliminate the requirement that companies must annually submit the regulatory asset adequacy issues summary as set forth in subparagraph 5.34(7)“a”(5). Although companies domiciled in Iowa will still be required to annually submit the regulatory asset adequacy issues summary, Iowa foreign companies will not be required to annually submit the regulatory asset adequacy issues summary; however, the regulatory asset adequacy issues summary shall be made available for examination by the Commissioner upon request. That change has been made in Item 2.

These amendments are intended to implement Iowa Code chapter 508.

These amendments will become effective December 8, 2010.

The following amendments are adopted.

ITEM 1. Amend subparagraph **5.34(6)“b”(2)** as follows:

(2) The scope paragraph should include a statement such as:

“I have examined the actuarial assumptions and actuarial methods used in determining reserves and related actuarial items listed below, as shown in the annual statement of the company, as prepared for filing with state regulatory officials, as of December 31, 20____. Tabulated below are those reserves and related actuarial items which have been subjected to asset adequacy analysis.”

Asset Adequacy Tested Amounts – Reserves and Liabilities					
Statement Item	Formula Reserves (1)	Additional Actuarial Reserves (a) (2)	Analysis Method (b) (3)	Other Amount (4)	Total Amount (1)+(2)+(3) (4)
Exhibit 8 Exhibit 5					
A Life Insurance					
B Annuities					
C Supplementary Contracts Involving Life Contingencies					
D Accidental Death Benefit					

Asset Adequacy Tested Amounts – Reserves and Liabilities					
Statement Item	Formula Reserves (1)	Additional Actuarial Reserves (a) (2)	Analysis Method (b) (3)	Other Amount (4)	Total Amount (1)+(2)+(3) (4)
E Disability—Active					
F Disability—Disabled					
G Miscellaneous					
Total (Exhibit 8 Exhibit 5 Item 1, Page 3)					
Exhibit 9 Exhibit 6					
A Active Life Reserve					
B Claim Reserve					
Total (Exhibit 9 Exhibit 6 Item 2, Page 3)					
Exhibit 10 Exhibit 7					
Premiums and Other Deposit Funds (Column 5, Line 14)					
Guaranteed Interest Contracts (Column 2, Line 14)					
Other (Column 6, Line 14)					
Supplemental Contracts and Annuities (Column 3, Line 14)					
Dividend Accumulations or Refunds (Column 4, Line 14)					
Total Exhibit 10 Exhibit 7 (Column 1, Line 14)					
Exhibit 11 Exhibit 8, Part 1					
1 Life (Page 3, Line 4.2 4.1)					
2 Health (Page 3, Line 4.2)					
Total Exhibit 11 Exhibit 8, Part 1					
Separate Accounts (Page 3 of the Annual Statement of the Separate Accounts, Lines 1, 2, 3.1, 3.2, 3.3)					
TOTAL RESERVES					
IMR (General Account, Page ____ Line ____)					
(Separate Accounts, Page ____ Line ____)					
AVR (Page ____ Line ____)		(c)			
Net Deferred and Uncollected Premium					

Notes:

- (a) The additional actuarial reserves are the reserves established under subparagraph (2) of 5.34(5) “e.”
- (b) The appointed actuary should indicate the method of analysis, determined in accordance with the standards for asset adequacy analysis referred to in paragraph 5.34(5) “d,” by means of symbols that should be defined in footnotes to the table.
- (c) Allocated amount of asset valuation reserve (AVR).

ITEM 2. Amend subparagraph **5.34(7)“a”(5)** as follows:

(5) In accordance with Iowa Code section 508.36, the appointed actuary shall prepare a regulatory asset adequacy issues summary, the contents of which are specified in 5.34(7)“c.” The Companies submitting the regulatory asset adequacy issues summary shall be submitted submit the summary no later than March 15 of the year following the year for which a statement of actuarial opinion based on asset adequacy is required. Iowa foreign companies are not required to submit the regulatory asset adequacy issues summary annually; however, the summary shall be made available for examination by the commissioner upon request. The regulatory asset adequacy issues summary is to be kept confidential to the same extent and under the same conditions as the actuarial memorandum.

ITEM 3. Amend subparagraph **5.34(7)“c”(1)** as follows:

(1) The regulatory asset adequacy issues summary shall include:

1. to 3. No change.

4. Comments on any interim results that may be of significant concern to the appointed actuary, for example, the impact of the insufficiency of assets to support the payment of benefits and expenses and the establishment of statutory reserves during one or more interim periods;

5. and 6. No change.

[Filed 10/14/10, effective 12/8/10]

[Published 11/3/10]

EDITOR’S NOTE: For replacement pages for IAC, see IAC Supplement 11/3/10.