

### 508.36 Standard valuations.

**This section** shall be known as the “Standard Valuation Law”.

#### 1. Definitions.

a. As used in **this section**, unless the context otherwise requires:

(1) “*Accident and health insurance*” means policies or 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 in **subsection 3**, paragraph “b”.

(3) “*Company*” means an entity which has done any of the following:

(a) Written, issued, or reinsured life insurance policies or contracts, accident and health insurance policies or contracts, or deposit-type policies or contracts in this state and has at least one such policy or contract in force or on claim.

(b) Written, issued, or reinsured life insurance policies or contracts, accident and health insurance policies or contracts, or deposit-type policies or contracts in any state and is required to hold a certificate of authority to write life insurance, accident and health insurance, or deposit-type policies or contracts in any state and is required to hold a certificate of authority to write life insurance, accident and health insurance, or deposit-type policies or contracts in this state.

(4) “*Deposit-type policy or contract*” means policies or contracts that do not incorporate mortality or morbidity risks and such policies or contracts as may be specified in the valuation manual.

(5) “*Life insurance*” means policies or contracts that incorporate mortality risk, including annuity and pure endowment contracts, and such policies or contracts as may be specified in the valuation manual.

(6) “*NAIC*” means the national association of insurance commissioners.

(7) “*Operative date of the valuation manual*” means the operative date of the valuation manual as provided in **subsection 14**.

(8) “*Policyholder behavior*” means any action a policyholder, contract holder, or any other person with the right to elect options, such as a certificate holder, may take under a policy or contract subject to **this section** including but not limited to lapse, withdrawal, transfer, deposit, premium payment, loan, annuitization, or benefit elections prescribed by the policy or contract, but excluding events of mortality or morbidity that result in benefits prescribed in their essential aspects by the terms of the policy or contract.

(9) “*Principle-based valuation*” means a reserve valuation that uses one or more methods or one or more assumptions determined by the insurer and that is required to comply with **subsection 15** as specified in the valuation manual.

(10) “*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 such statements and who meets the requirements specified in the valuation manual.

(11) “*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 where there are observed events of very significant size or magnitude.

(12) “*Valuation manual*” means the manual of valuation instructions adopted by the NAIC as specified in **this section** or as subsequently amended.

b. **This subsection** is applicable on or after the operative date of the valuation manual.

#### 2. Reserve valuation.

a. *Policies and contracts issued prior to operative date of valuation manual.*

(1) The commissioner shall annually value, or cause to be valued, the reserve liabilities, referred to in **this section** as reserves, for all outstanding life insurance policies and annuity and pure endowment contracts of every life insurance company doing business in this state, issued on or after July 1, 1973, and prior to the operative date of the valuation manual. In calculating the reserves, the commissioner may use group methods and approximate averages for fractions of a year or otherwise. In lieu of the valuation of the reserves required in **this section** of any foreign or alien company, the commissioner may accept any valuation

made, or caused to be made, by the insurance supervisory official of any state or other jurisdiction when such valuation complies with the minimum standard provided for in [this section](#) .

(2) The provisions set forth in [subsections 4 through 13](#) shall apply to all policies and contracts, as appropriate, subject to [this section](#) that were issued on or after July 1, 1973, and prior to the operative date of the valuation manual and the provisions set forth in [subsections 14 and 15](#) shall not apply to any such policies or contracts.

(3) The minimum standard for the valuation of policies and contracts issued prior to July 1, 1973, shall be the standard provided by the laws in effect immediately prior to that date.

*b. Policies and contracts issued on or after operative date of valuation manual.*

(1) The commissioner shall annually value, or cause to be valued, the reserve liabilities for all outstanding life insurance policies or contracts, annuity and pure endowment policies or contracts, accident and health insurance policies or contracts, and deposit-type policies or contracts of every company issued on or after the operative date of the valuation manual. In lieu of the valuation of the reserves required of a foreign or alien company, the commissioner may accept a valuation made, or caused to be made, by the insurance supervisory official of any state or other jurisdiction when the valuation complies with the minimum standard provided in [this section](#).

(2) The provisions set forth in [subsections 14 and 15](#) shall apply to all policies or contracts issued on or after the operative date of the valuation manual.

*3. Actuarial opinion of reserves.*

*a. Actuarial opinion of reserves prior to operative date of valuation manual.* This paragraph “a” applies to an actuarial opinion of reserves submitted prior to the operative date of the valuation manual.

(1) *General.* A life insurance company doing business in this state shall annually submit the written opinion of a qualified actuary as to whether the reserves and related actuarial items held in support of the policies and contracts specified by the commissioner by regulation are computed appropriately, are based on assumptions which satisfy contractual provisions, are consistent with prior reported amounts, and are in compliance with applicable laws of this state. The commissioner shall define by rule the requirements and content of this opinion and add any other items deemed to be necessary.

*(2) Actuarial analysis of reserves and assets supporting such reserves.*

(a) Unless exempted by rule, a life insurance company shall also annually include in the opinion required by subparagraph (1), an opinion of the same qualified actuary as to whether the reserves and related actuarial items held in support of policies and contracts specified by the commissioner by rule, when considered in light of the assets held by the company with respect to the reserves and related actuarial items, including but not limited to the investment earnings on the assets and the considerations anticipated to be received and retained under the policies and contracts, make adequate provision for the company’s obligations under the policies and contracts, including but not limited to the benefits under and expenses associated with the policies and contracts.

(b) The commissioner may provide by rule for a transition period for establishing any higher reserves which the qualified actuary may deem necessary in order to render the opinion required by this paragraph “a”.

(3) *Requirements for opinions subject to subparagraph (2).* An opinion required by subparagraph (2) shall be governed by the following provisions:

(a) A memorandum, in form and substance acceptable to the commissioner as specified by rule, shall be prepared to support each actuarial opinion.

(b) If the insurance company fails to provide a supporting memorandum at the request of the commissioner within a period specified by rule or the commissioner determines that the supporting memorandum provided by the insurance company fails to meet the standards prescribed by the rules or is otherwise unacceptable to the commissioner, the commissioner may engage a qualified actuary at the expense of the company to review the opinion and the basis for the opinion and prepare such supporting memorandum as is required by the commissioner.

(4) *Requirement for all opinions subject to this paragraph.* An opinion required under this paragraph “a” is governed by the following provisions:

(a) The opinion shall be submitted with the annual statement reflecting the valuation of such reserve liabilities for each year ending on or after December 31, 1995.

(b) The opinion shall apply to all business in force, including individual and group health insurance plans, in form and substance acceptable to the commissioner as specified by rule.

(c) The opinion shall be based on standards adopted from time to time by the actuarial standards board and on such additional standards as the commissioner may by rule prescribe.

(d) In the case of an opinion required to be submitted by a foreign or alien company, the commissioner may accept the opinion filed by that company with the insurance supervisory official of another state if the commissioner determines that the opinion reasonably meets the requirements applicable to a company domiciled in this state.

(e) For the purposes of this paragraph “a”, “*qualified actuary*” means a member in good standing of the American academy of actuaries who meets the requirements of the commissioner as specified by rule.

(f) Except in cases of fraud or willful misconduct, a qualified actuary is not liable for damages to any person, other than to the insurance company and the commissioner, for any act, error, omission, decision, or conduct with respect to the actuary’s opinion.

(g) Disciplinary action which may be taken by the commissioner against the company or the qualified actuary shall be defined in rules adopted by the commissioner.

(h) (i) Any memorandum in support of the opinion, and any other material provided by the company to the commissioner in connection with the opinion, shall be kept confidential by the commissioner and shall not be made public and shall not be subject to subpoena, other than for the purpose of defending an action seeking damages from any person by reason of any action required by this paragraph “a” or by rules adopted pursuant to this paragraph “a”. Notwithstanding this subparagraph division, the memorandum or other material may be released by the commissioner if either of the following applies:

(A) The commissioner receives the written consent of the company with which the opinion is associated.

(B) The American academy of actuaries requests that the memorandum or other material is required for the purpose of professional disciplinary proceedings and setting forth procedures satisfactory to the commissioner for preserving the confidentiality of the memorandum or other material.

(ii) Once any portion of the confidential memorandum is cited by the company in its marketing, is cited before any governmental agency other than a state insurance department, or is released by the company to the news media, all portions of the confidential memorandum are no longer confidential.

*b. Actuarial opinion of reserves on or after operative date of valuation manual.* This paragraph “b” applies to an actuarial opinion of reserves submitted on or after the operative date of the valuation manual.

(1) *General.* Every company with outstanding life insurance policies or contracts, accident and health insurance policies or contracts, or deposit-type policies or contracts in this state and subject to regulation by the commissioner shall annually submit the opinion of the appointed actuary as to whether the reserves and related actuarial items held in support of the policies and contracts are computed appropriately, are based on assumptions that satisfy contractual provisions, are consistent with prior reported amounts, and comply with applicable laws of this state. The valuation manual shall prescribe the specifics of this opinion including any items deemed to be necessary to its scope.

(2) *Actuarial analysis of reserves and assets supporting reserves.* Every company with outstanding life insurance policies or contracts, accident and health insurance policies or contracts, or deposit-type policies or contracts in this state and subject to regulation by the commissioner, except as exempted in the valuation manual, shall annually include in the opinion required by subparagraph (1), an opinion of the same appointed actuary as to whether the reserves and related actuarial items held in support of the policies and contracts specified in the valuation manual, when considered in light of the assets held by the company with respect to the reserves and related actuarial items, including but not limited to the investment

earnings on the assets and the considerations anticipated to be received and retained under the policies and contracts, make adequate provision for the company's obligations under the policies and contracts, including but not limited to the benefits under and expenses associated with the policies and contracts.

(3) *Requirements for opinions subject to subparagraph (2).* An opinion required by subparagraph (2) shall be governed by the following provisions:

(a) A memorandum, in form and substance as specified in the valuation manual, and that is acceptable to the commissioner, shall be prepared to support each actuarial opinion.

(b) If the company fails to provide a supporting memorandum at the request of the commissioner within a period specified in the valuation manual or the commissioner determines that the supporting memorandum provided by the company fails to meet the standards prescribed by the valuation manual or is otherwise unacceptable to the commissioner, the commissioner may engage a qualified actuary at the expense of the company to review the opinion and the basis for the opinion and prepare the supporting memorandum required by the commissioner.

(4) *Requirements for all opinions subject to this paragraph.* Every opinion subject to this paragraph "b" shall be governed by the following provisions:

(a) The opinion shall be in form and substance as specified in the valuation manual and acceptable to the commissioner.

(b) The opinion shall be submitted with the annual statement reflecting the valuation of such reserve liabilities for each year ending on or after the operative date of the valuation manual.

(c) The opinion shall apply to all policies and contracts subject to subparagraph (2) plus other actuarial liabilities as may be specified in the valuation manual.

(d) The opinion shall be based on standards adopted from time to time by the actuarial standards board or its successor, and on such additional standards as may be prescribed in the valuation manual.

(e) In the case of an opinion required to be submitted by a foreign or alien company, the commissioner may accept the opinion filed by that company with the insurance supervisory official of another state if the commissioner determines that the opinion reasonably meets the requirements applicable to a company domiciled in this state.

(f) Except in cases of fraud or willful misconduct, the appointed actuary shall not be liable for damages to any person, other than the company and the commissioner, for any act, error, omission, decision, or conduct with respect to the appointed actuary's opinion.

(g) Disciplinary action by the commissioner against the company or the appointed actuary shall be defined in rules adopted by the commissioner pursuant to [chapter 17A](#).

4. *Computations of minimum standards.* Except as otherwise provided in [subsections 5, 6, and 13](#), the minimum standard for the valuation of all such policies and contracts issued prior to July 1, 1994, shall be that provided by the laws in effect immediately prior to such date. Except as otherwise provided in [subsections 5, 6, and 13](#), the minimum standard for the valuation of all such policies and contracts shall be the commissioner's reserve valuation methods defined in [subsections 7, 8, 11, and 12](#), five percent interest for group annuity and pure endowment contracts and three and one-half percent interest for all other policies and contracts, or in the case of policies and contracts, other than annuity and pure endowment contracts, issued on or after July 1, 1974, four percent interest for such policies issued prior to January 1, 1980, five and one-half percent interest for single premium life insurance policies and four and one-half percent interest for all other such policies issued on and after January 1, 1980, and the following tables:

a. For ordinary policies of life insurance issued on the standard basis, excluding any disability and accidental death benefits in the policies, the following:

(1) The commissioners 1941 standard ordinary mortality table for policies issued prior to the operative date of [section 508.37, subsection 6](#), paragraph "a".

(2) The commissioners 1958 standard ordinary mortality table for such policies issued on or after the operative date of [section 508.37, subsection 6](#), paragraph "a", and prior to the operative date of [section 508.37, subsection 6](#), paragraph "c", provided that for any category of policies issued on female risks, all modified net premiums and present values referred to

in [this section](#) may be calculated according to an age not more than six years younger than the actual age of the insured.

(3) For policies issued on or after the operative date of [section 508.37, subsection 6](#), paragraph “c”, any of the following:

(a) The commissioners 1980 standard ordinary mortality table.

(b) At the election of the company for any one or more specified plans of life insurance, the commissioners 1980 standard ordinary mortality table with ten-year select mortality factors.

(c) Any ordinary mortality table, adopted after 1980 by the national association of insurance commissioners, that is approved by rule adopted by the commissioner for use in determining the minimum standard of valuation for such policies.

b. For all industrial life insurance policies issued on the standard basis, excluding any disability and accidental death benefits in the policies, the following:

(1) For policies issued prior to the operative date of [section 508.37, subsection 6](#), paragraph “b”, the 1941 standard industrial mortality table.

(2) For policies issued on or after the operative date of [section 508.37, subsection 6](#), paragraph “b”, the commissioners 1961 standard industrial mortality table, or any industrial mortality table adopted after 1980 by the national association of insurance commissioners, that is approved by rule adopted by the commissioner for use in determining the minimum standard of valuation for such policies.

c. For individual annuity and pure endowment contracts, excluding any disability and accidental death benefits in such policies, the 1937 standard annuity mortality table or, at the option of the company, the annuity mortality table for 1949, ultimate, or any modification of either of these tables approved by the commissioner.

d. For group annuity and pure endowment contracts, excluding any disability and accidental death benefits in such policies, the group annuity mortality table for 1951, or a modification of the table approved by the commissioner, or at the option of the company, any of the tables or modifications of tables specified for individual annuity and pure endowment contracts.

e. (1) For total and permanent disability benefits in or supplementary to ordinary policies or contracts, the following:

(a) For policies or contracts issued on or after January 1, 1966, the tables of period 2 disablement rates and the 1930 to 1950 termination rates of the 1952 disability study of the society of actuaries, with due regard to the type of benefit, or any tables of disablement rates and termination rates adopted after 1980 by the national association of insurance commissioners and approved by rule adopted by the commissioner for use in determining the minimum standard of valuation for such policies.

(b) For policies or contracts issued on or after January 1, 1961, and prior to January 1, 1966, either of the tables identified under subparagraph division (a), or at the option of the company, the class (3) disability table (1926).

(c) For policies issued prior to January 1, 1961, the class (3) disability table (1926).

(2) A table used under this paragraph “e” shall, for active lives, be combined with a mortality table permitted for calculating the reserves for life insurance policies.

f. (1) For accidental death benefits in or supplementary to policies, the following:

(a) For policies issued on or after January 1, 1966, the 1959 accidental death benefits table, or any accidental death benefits table adopted after 1980 by the national association of insurance commissioners and approved by rule adopted by the commissioner for use in determining the minimum standard of valuation for such policies.

(b) For policies issued on or after January 1, 1961, and prior to January 1, 1966, either of the tables identified under subparagraph division (a), or at the option of the company, the intercompany double indemnity mortality table.

(c) For policies issued prior to January 1, 1961, the intercompany double indemnity mortality table.

(2) A table used under this paragraph “f” shall be combined with a mortality table for calculating the reserves for life insurance policies.

g. For group life insurance, life insurance issued on the substandard basis, and other special benefits, tables approved by the commissioner.

5. *Computation for minimum standards for annuities.*

a. Except as provided in [subsection 6](#), the minimum standard for the valuation of all individual annuity and pure endowment contracts issued on or after the operative date of [this subsection](#), and for all annuities and pure endowments purchased on or after the operative date of [this subsection](#) under group annuity and pure endowment contracts, shall be the commissioner's reserve valuation methods defined in [subsections 7 and 8](#), and the following tables and interest rates:

(1) For individual annuity and pure endowment contracts issued prior to January 1, 1980, excluding any disability and accidental death benefits in such contracts, both of the following:

(a) The 1971 individual annuity mortality table, or any modification of this table approved by the commissioner.

(b) Six percent interest for single premium immediate annuity contracts, and four percent interest for all other individual annuity and pure endowment contracts.

(2) For individual single premium immediate annuity contracts issued on or after January 1, 1980, excluding any disability and accidental death benefits in such contracts, both of the following:

(a) One of the following tables:

(i) The 1971 individual annuity mortality table.

(ii) An individual annuity mortality table, adopted after 1980 by the national association of insurance commissioners and approved by rule adopted by the commissioner for use in determining the minimum standard of valuation for such contracts.

(iii) A modification of the tables identified in subparagraph subdivisions (i) and (ii) approved by the commissioner.

(b) Seven and one-half percent interest.

(3) For individual annuity and pure endowment contracts issued on or after January 1, 1980, other than single premium immediate annuity contracts, excluding any disability and accidental death benefits in such contracts, both of the following:

(a) One of the following tables:

(i) The 1971 individual annuity mortality table.

(ii) An individual annuity mortality table adopted after 1980 by the national association of insurance commissioners and approved by rule adopted by the commissioner for use in determining the minimum standard of valuation for such contracts.

(iii) A modification of the tables identified in subparagraph subdivisions (i) and (ii) approved by the commissioner.

(b) Five and one-half percent interest for single premium deferred annuity and pure endowment contracts and four and one-half percent interest for all other such individual annuity and pure endowment contracts.

(4) For all annuities and pure endowments purchased prior to January 1, 1980, under group annuity and pure endowment contracts, excluding any disability and accidental death benefits purchased under such contracts, both of the following:

(a) The 1971 group annuity mortality table or any modification of this table approved by the commissioner.

(b) Six percent interest.

(5) For all annuities and pure endowments purchased on or after January 1, 1980, under group annuity and pure endowment contracts, excluding any disability and accidental death benefits purchased under such contracts, both of the following:

(a) One of the following tables:

(i) The 1971 group annuity mortality table.

(ii) A group annuity mortality table adopted after 1980 by the national association of insurance commissioners and approved by rule adopted by the commissioner for use in determining the minimum standard of valuation for such annuities and pure endowments.

(iii) A modification of the tables identified in subparagraph subdivisions (i) and (ii) approved by the commissioner.

(b) Seven and one-half percent interest.

b. After July 1, 1973, a company may file with the commissioner a written notice of its election to comply with the provisions of [this subsection](#) after a specified date before January



1, 1979, which shall be the operative date of [this section](#) for such company, provided, if a company makes no election, the effective date of [this section](#) for a company is January 1, 1979.

6. *Computation of minimum standard by calendar year of issue.*

a. *Applicability of this subsection.* The calendar year statutory valuation interest rates, as defined in [this subsection](#), shall be used in determining the minimum standard for the valuation of all of the following:

(1) All life insurance policies issued in a particular calendar year, on or after the operative date of [section 508.37, subsection 6](#), paragraph “c”.

(2) All individual annuity and pure endowment contracts issued in a particular calendar year on or after January 1, 1995.

(3) All annuities and pure endowments purchased in a particular calendar year on or after January 1, 1995, under group annuity and pure endowment contracts.

(4) The net increase, if any, in a particular calendar year on or after January 1, 1995, in amounts held under guaranteed interest contracts.

b. *Calendar year statutory valuation interest rates.*

(1) The calendar year statutory valuation interest rates, referred to in this paragraph as “I”, shall be determined as follows and the results rounded to the nearer one-quarter of one percent:

(a) For life insurance,

$$I \text{ equals } .03 + W(R1 - .03) + 2 \left( \frac{W}{R2} - .09 \right),$$

where R1 is the lesser of R and .09, R2 is the greater of R and .09, R is the reference interest rate defined in paragraph “d” of [this subsection](#), and W is the weighting factor defined in paragraph “c” of [this subsection](#).

(b) For single premium immediate annuities and for annuity benefits involving life contingencies arising from other annuities with cash settlement options and from guaranteed interest contracts with cash settlement options,

$$I \text{ equals } .03 + W(R - .03),$$

where R1 is the lesser of R and .09, R2 is the greater of R and .09, R is the reference interest rate defined in paragraph “d” of [this subsection](#), and W is the weighting factor defined in paragraph “c” of [this subsection](#).

(c) For other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, valued on an issue-year basis, except as stated in subparagraph division (b), the formula for life insurance stated in subparagraph division (a) applies to annuities and guaranteed interest contracts with guarantee durations in excess of ten years, and the formula for single premium immediate annuities stated in subparagraph division (b) applies to annuities and guaranteed interest contracts with guarantee durations of ten years or less.

(d) For other annuities with no cash settlement options and for guaranteed interest contracts with no cash settlement options, the formula for single premium immediate annuities stated in subparagraph division (b) applies.

(e) For other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, valued on a change-in-fund basis, the formula for single premium immediate annuities stated in subparagraph division (b) applies.

(2) However, if the calendar year statutory valuation interest rate for any life insurance policies issued in any calendar year determined under subparagraph (1), subparagraph division (a), without reference to this sentence differs from the corresponding actual rate for similar policies issued in the immediately preceding calendar year by less than one-half of one percent, the calendar year statutory valuation interest rate for the life insurance policies is equal to the corresponding actual rate for the immediately preceding calendar year. For purposes of applying the immediately preceding sentence, the calendar year statutory valuation interest rate for life insurance policies issued in a calendar year shall be determined for 1980, using the reference interest rate defined in 1979, and shall be

determined for each subsequent calendar year regardless of the operative date of [section 508.37, subsection 6](#), paragraph “c”.

c. *Weighting factors.*

(1) The weighting factors referred to in paragraph “b” are given in the following tables:

(a) (i) Weighting Factors for Life Insurance:

| Guarantee Duration (Years)            | Weighting Factors |
|---------------------------------------|-------------------|
| 10 or less                            | .50               |
| More than 10,<br>but not more than 20 | .45               |
| More than 20                          | .35               |

(ii) For life insurance, the guarantee duration is the maximum number of years the life insurance can remain in force on a basis guaranteed in the policy or under options to convert to plans of life insurance with premium rates or nonforfeiture values or both which are guaranteed in the original policy.

(b) The weighting factors for single premium immediate annuities and for annuity benefits involving life contingencies arising from other annuities with cash settlement options and guaranteed interest contracts with cash settlement options is .80.

(c) Weighting factors for other annuities and for guaranteed interest contracts, except as stated in subparagraph division (b), shall be as specified in subparagraph subdivisions (i), (ii), and (iii) of this subparagraph division, according to the rules and definitions in subparagraph subdivisions (iv), (v), and (vi) of this subparagraph division:

(i) For annuities and guaranteed interest contracts valued on an issue-year basis:

| Guarantee Duration (Years)            | Weighting Factor<br>for Plan Type |     |     |
|---------------------------------------|-----------------------------------|-----|-----|
|                                       | A                                 | B   | C   |
| 5 or less                             | .80                               | .60 | .50 |
| More than 5,<br>but not more than 10  | .75                               | .60 | .50 |
| More than 10,<br>but not more than 20 | .65                               | .50 | .45 |
| More than 20                          | .45                               | .35 | .35 |

(ii) For annuities and guaranteed interest contracts valued on a change-in-fund basis, the factors shown in subparagraph subdivision (i) of this subparagraph division increased by:

| Plan Type |     |     |
|-----------|-----|-----|
| A         | B   | C   |
| .15       | .25 | .05 |

(iii) For annuities and guaranteed interest contracts valued on an issue-year basis, other than those with no cash settlement options, which do not guarantee interest on considerations received more than one year after issue or purchase and for annuities and guaranteed interest contracts valued on a change-in-fund basis which do not guarantee interest rates on considerations received more than twelve months beyond the valuation date, the factors shown in subparagraph subdivision (i) of this subparagraph division or derived in subparagraph subdivision (ii) of this subparagraph division increased by:

| Plan Type |     |     |
|-----------|-----|-----|
| A         | B   | C   |
| .05       | .05 | .05 |

(iv) For other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, the guarantee duration is the number of years for which the contract guarantees interest rates in excess of the calendar year statutory valuation interest rate for life insurance policies with guarantee durations in excess of twenty years. For other annuities with no cash settlement options and for guaranteed interest contracts with no cash settlement options, the guarantee duration is the number of years from the date of issue or date of purchase to the date annuity benefits are scheduled to commence.



(v) “*Plan type*”, as used in subparagraph subdivisions (i), (ii), and (iii) of this subparagraph division, is defined as follows:

(A) “*Plan Type A*”: At any time, the policyholder may withdraw funds only with an adjustment to reflect changes in interest rates or asset values since receipt of the funds by the insurance company, or may withdraw funds without that adjustment but in installments over five years or more, or may withdraw funds as in immediate life annuity; or no withdrawal is permitted.

(B) “*Plan Type B*”: Before expiration of the interest rate guarantee, the policyholder may withdraw funds only with an adjustment to reflect changes in interest rates or asset values since receipt of the funds by the insurance company, or may withdraw funds without that adjustment but in installments over five years or more; or no withdrawal is permitted. At the end of interest rate guarantee, funds may be withdrawn without adjustment in a single sum or installments over less than five years.

(C) “*Plan Type C*”: The policyholder may withdraw funds before expiration of interest rate guarantee in a single sum or installments over less than five years either without adjustment to reflect changes in interest rates or asset values since receipt of the funds by the insurance company, or subject only to a fixed surrender charge stipulated in the contract as a percentage of the fund.

(vi) A company may elect to value guaranteed interest contracts with cash settlement options and annuities with cash settlement options on either an issue-year basis or on a change-in-fund basis. Guaranteed interest contracts with no cash settlement options and other annuities with no cash settlement options must be valued on an issue-year basis. As used in [this section](#), an issue-year basis of valuation refers to a valuation basis under which the interest rate used to determine the minimum valuation standard for the entire duration of the annuity or guaranteed interest contract is the calendar year valuation interest rate for the year of issue or year of purchase of the annuity or guaranteed interest contract, and the change-in-fund basis of valuation refers to a valuation basis under which the interest rate used to determine the minimum valuation standard applicable to each change in the fund held under the annuity or guaranteed interest contract is the calendar year valuation interest rate for the year of the change in the fund.

d. *Reference interest rate.* The reference interest rate referred to in paragraph “b” is defined as follows:

(1) For all life insurance, the lesser of the average over a period of thirty-six months and the average over a period of twelve months, ending on June 30 of the calendar year next preceding the year of issue, of the monthly average of the composite yield on seasoned corporate bonds, as published by Moody’s investors service, inc.

(2) For single premium immediate annuities and for annuity benefits involving life contingencies arising from other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, the average over a period of twelve months, ending on June 30 of the calendar year of issue or year of purchase, of the monthly average of the composite yield on seasoned corporate bonds, as published by Moody’s investors service, inc.

(3) For other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, valued on an issue-year basis, except as stated in subparagraph (2), with guarantee duration in excess of ten years, the lesser of the average over a period of thirty-six months and the average over a period of twelve months, ending on June 30 of the calendar year of issue or purchase, of the monthly average of the composite yield on seasoned corporate bonds, as published by Moody’s investors service, inc.

(4) For other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, valued on an issue-year basis, except as stated in subparagraph (2), with guarantee duration of ten years or less, the average over a period of twelve months, ending on June 30 of the calendar year of issue or purchase, of the monthly average of the composite yield on seasoned corporate bonds, as published by Moody’s investors service, inc.

(5) For other annuities with no cash settlement options and for guaranteed interest contracts with no cash settlement options, the average over a period of twelve months,

ending on June 30 of the calendar year of issue or purchase, of the monthly average of the composite yield on seasoned corporate bonds, as published by Moody's investors service, inc.

(6) For other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, valued on a change-in-fund basis, except as stated in subparagraph (2), the average over a period of twelve months, ending on June 30 of the calendar year of the change in the fund, of the monthly average of the composite yield on seasoned corporate bonds, as published by Moody's investors service, inc.

*e. Alternative method for determining reference interest rates.* In the event that the monthly average of the composite yield on seasoned corporate bonds is no longer published by Moody's investors service, inc., or in the event that the national association of insurance commissioners determines that the monthly average of the composite yield on seasoned corporate bonds as published by Moody's investors service, inc. is no longer appropriate for the determination of the reference interest rate, an alternative method for determination of the reference interest rate, which is adopted by the national association of insurance commissioners and approved by rule adopted by the commissioner, may be substituted.

*7. Reserve valuation method — life insurance and endowment benefits.*

*a.* Except as otherwise provided in [subsections 8, 11, and 12](#), reserves calculated according to the commissioner's reserve valuation method, for the life insurance and endowment benefits of policies providing for a uniform amount of insurance and requiring the payment of uniform premiums, shall be the excess, if any, of the present value, at the date of valuation, of future guaranteed benefits provided for by such policies, over the present value, at the date of valuation, of any future modified net premiums for such policies. The modified net premiums for such policy is the uniform percentage of the respective contract premiums for the benefits such that the present value, at the date of issue of the policy, of all modified net premiums shall be equal to the sum of the present value, at the date of valuation, of such benefits provided for by the policy and the excess of the amount determined in subparagraph (1) over the amount determined in subparagraph (2), as follows:

(1) A net level annual premium equal to the present value at the date of issue, of the benefits provided for after the first policy year, divided by the present value at the date of issue, of an annuity of one per annum payable on the first, and each subsequent, anniversary of the policy on which a premium falls due. However, the net level annual premium shall not exceed the net level annual premium on the nineteen-year premium whole life plan for insurance of the same amount at an age one year more than the age of the insured at issue of the policy.

(2) A net one-year term premium for the benefits provided for in the first policy year.

*b.* (1) However, for a life insurance policy issued on or after January 1, 1998, for which the contract premium in the first policy year exceeds that of the second year and for which no comparable additional benefit is provided in the first year for such additional premium and which provides an endowment benefit or a cash surrender value or a combination of such benefit or value in an amount greater than the additional premium, the reserve according to the commissioner's reserve valuation method as of any policy anniversary occurring on or before the assumed ending date defined as the first policy anniversary on which the sum of any endowment benefit and any cash surrender value then available is greater than such additional premium shall be, except as otherwise provided in [subsection 11](#), the greater of the reserve as of such policy anniversary calculated as described in paragraph "a" and the reserve as of such policy anniversary calculated as described in paragraph "a", but with the following modifications:

(a) The value defined in paragraph "a" being reduced by fifteen percent of the amount of such excess first year premium.

(b) All present values of benefits and premiums being determined without reference to premiums or benefits provided for by the policy after the assumed ending date.

(c) The policy being assumed to mature on such date as an endowment.

(d) The cash surrender value provided on such date being considered as an endowment benefit.

(2) In making the above comparison the mortality and interest bases stated in [subsections 5 and 6](#) shall be used.

c. Reserves according to the commissioner's reserve valuation method shall be calculated pursuant to a method consistent with [this subsection](#) for all of the following:

(1) Life insurance policies providing for a varying amount of insurance or requiring the payment of varying premiums.

(2) Group annuity and pure endowment contracts purchased under a retirement plan or plan of deferred compensation established or maintained by an employer, including a partnership or sole proprietorship, or by an employee organization, or by both, other than a plan providing individual retirement accounts or individual retirement annuities under section 408 of the Internal Revenue Code.

(3) Disability and accidental death benefits in all policies and contracts.

(4) All other benefits, except life insurance and endowment benefits in life insurance policies and benefits provided by all other annuity and pure endowment contracts.

8. *Reserve valuation method — annuity and pure endowment benefits.*

a. [This subsection](#) applies to all annuity and pure endowment contracts other than group annuity and pure endowment contracts purchased under a retirement plan or plan of deferred compensation established or maintained by an employer, including a partnership or sole proprietorship, or by an employee organization, or by both, other than a plan providing individual retirement accounts or individual retirement annuities under section 408 of the Internal Revenue Code.

b. Reserves according to the commissioner's annuity reserve method for benefits under annuity or pure endowment contracts, excluding any disability and accidental death benefits in such contracts, shall be the greatest of the respective excesses of the present values, at the date of valuation, of the future guaranteed benefits, including guaranteed nonforfeiture benefits, provided for by such contracts at the end of each respective contract year, over the present value, at the date of valuation, of any future valuation considerations derived from future gross considerations, required by the terms of such contract, that become payable prior to the end of such respective contract year. The future guaranteed benefits shall be determined by using the mortality table, if any, and the interest rate or rates, specified in such contracts for determining guaranteed benefits. The valuation considerations are the portions of the respective gross considerations applied under the terms of such contracts to determine nonforfeiture values.

9. *Minimum reserves.*

a. A company's aggregate reserves for all life insurance policies, excluding disability and accidental death benefits, issued on or after the operative date of [section 508.37](#), shall not be less than the aggregate reserves calculated in accordance with the methods set forth in [subsections 7, 8, 11, and 12](#), and the mortality table or tables and rate or rates of interest used in calculating nonforfeiture benefits for such policies.

b. A company's aggregate reserves for all policies, contracts, and benefits shall not be less than the aggregate reserves determined by the qualified actuary to be necessary to render the opinion required by [subsection 3](#).

10. *Optional reserve calculation.*

a. Reserves for all policies and contracts issued prior to the operative date of [section 508.37](#), may be calculated, at the option of the company, according to any standards which produce greater aggregate reserves for all such policies and contracts than the minimum reserves required prior to July 1, 1994.

b. Reserves for any category of policies, contracts, or benefits, as established by the commissioner, issued on or after the operative date of [section 508.37](#), may be calculated, at the option of the company, according to any standards which produce greater aggregate reserves for such category than those calculated according to the minimum standard as provided in [this section](#), but the rate or rates of interest used for policies and contracts, other than annuity and pure endowment contracts, shall not be higher than the corresponding rate or rates of interest used in calculating any nonforfeiture benefits as provided in [this section](#).

c. A company which at any time adopts a standard of valuation producing greater aggregate reserves than those calculated according to the minimum standard as provided in [this section](#) may adopt, with the approval of the commissioner, any lower standard of valuation, not to be lower than the minimum as provided in [this section](#), provided, however,

that, for purposes of [this section](#), the holding of additional reserves previously determined by a qualified actuary to be necessary to render the opinion required by [subsection 3](#) shall not be deemed to be the adoption of a higher standard of valuation.

11. *Reserve calculation — valuation net premium exceeding the gross premium charge.*

a. If in any contract year the gross premium charged by a company on a policy or contract is less than the valuation net premium for the policy or contract, as calculated by the method used in calculating the reserve for such policy or contract but using the minimum valuation standards of mortality and rate of interest, the minimum reserve required for such policy or contract is the greater of either the reserve calculated according to the mortality table, rate of interest, and method actually used for such policy or contract, or the reserve calculated by the method actually used for such policy or contract but using the minimum valuation standards of mortality and rate of interest and replacing the valuation net premium by the actual gross premium in each contract year for which the valuation net premium exceeds the actual gross premium. The minimum valuation standards of mortality and rate of interest referred to in [this section](#) are those standards established in [subsections 5 and 6](#).

b. However, for any life insurance policy issued on or after January 1, 1998, for which the gross premium in the first policy year exceeds that of the second year and for which no comparable additional benefit is provided in the first year for such excess and which provides an endowment benefit or a cash surrender value, or a combination of such benefit and value, in an amount greater than the excess premium, the provisions of paragraph “a” apply as if the method actually used in calculating the reserve for such policy is the method established in [subsection 7](#), excluding paragraph “b” of that subsection. The minimum reserve of the policy at each policy anniversary shall be the greater of the minimum reserve calculated pursuant to [subsection 7](#) and the minimum reserve calculated in accordance with [this subsection](#).

12. *Reserve calculation — indeterminate premium plans.* In the case of any plan of life insurance which provides for future premium determination, the amounts of such premium which are to be determined by the insurance company based on estimates of future experience, or in the case of any plan of life insurance or annuity, the minimum reserves of which cannot be determined by the methods established in [subsections 7, 8, and 11](#), the reserves which are held under the plan must be appropriate in relation to the benefits and the pattern of premiums for that plan, and shall be computed by a method which is consistent with [this section](#), as determined by rules adopted by the commissioner.

13. *Minimum standards for accident and health insurance policies or contracts.* For accident and health insurance policies or contracts issued on or after the operative date of the valuation manual, the standard prescribed in the valuation manual is the minimum standard of valuation required under [subsection 2](#), paragraph “b”. For health, disability, and sickness and accident insurance policies or contracts issued on or after July 1, 1973, and prior to the operative date of the valuation manual, the minimum standard of valuation is the standard adopted by the commissioner by rule.

14. *Valuation manual for policies or contracts issued on or after operative date of valuation manual.*

a. For policies or contracts issued on or after the operative date of the valuation manual, the standard prescribed in the valuation manual is the minimum standard of valuation required under [subsection 2](#), paragraph “b”, except as provided under paragraph “e” or “g” of [this subsection](#).

b. The operative date of the valuation manual is January 1 of the first calendar year following the first July 1 as of which all of the following have occurred:

(1) The valuation manual has been adopted by the NAIC by an affirmative vote of at least forty-two members, or three-fourths of the members voting, whichever is greater.

(2) The standard valuation law, as amended by the NAIC in 2009, or legislation including substantially similar terms and provisions, has been enacted by states representing greater than seventy-five percent of the direct premiums written as reported in the following annual statements submitted for 2008:

- (a) Life, accident, and health insurance annual statements.
- (b) Health insurance annual statements.
- (c) Fraternal benefit society annual statements.

(3) The standard valuation law, as amended by the NAIC in 2009, or legislation including substantially similar terms and provisions, has been enacted by at least forty-two of the following fifty-five jurisdictions: the fifty states of the United States, American Samoa, the American Virgin Islands, the District of Columbia, Guam, and Puerto Rico.

c. Unless a change in the valuation manual specifies a later effective date, changes to the valuation manual shall be effective on January 1 following the date when all of the following have occurred:

(1) The changes to the valuation manual have been adopted by the NAIC by an affirmative vote representing:

(a) At least three-fourths of the members of the NAIC voting, but not less than a majority of the total membership.

(b) Members of the NAIC representing jurisdictions totaling greater than seventy-five percent of the direct premiums written as reported in the following annual statements most recently available prior to the vote in subparagraph division (a):

(i) Life, accident, and health insurance annual statements.

(ii) Health insurance annual statements.

(iii) Fraternal benefit society annual statements.

d. The valuation manual shall specify all of the following:

(1) Minimum valuation standards for and definitions of the policies or contracts subject to [subsection 2](#), paragraph “b”. Such minimum valuation standards shall include all of the following:

(a) The commissioner’s reserve valuation method for life insurance contracts, other than annuity contracts, subject to [subsection 2](#), paragraph “b”.

(b) The commissioner’s annuity reserve valuation method for annuity contracts subject to [subsection 2](#), paragraph “b”.

(c) Minimum reserves for all other policies or contracts subject to [subsection 2](#), paragraph “b”.

(2) Which policies or contracts or types of policies or contracts are subject to the requirements of a principle-based valuation in [subsection 15](#), paragraph “a”, and the minimum valuation standards consistent with those requirements.

(3) For policies and contracts subject to a principle-based valuation under [subsection 15](#), specify all of the following:

(a) Requirements for the format of reports to the commissioner under [subsection 15](#) which shall include information necessary to determine if the valuation is appropriate and in compliance with [this section](#).

(b) Assumptions that are prescribed for risks over which the company does not have significant control or influence.

(c) Procedures for corporate governance and oversight of the actuarial function, and a process for appropriate waiver or modification of such procedures.

(4) For policies or contracts not subject to a principle-based valuation under [subsection 15](#), the minimum valuation standard shall do either of the following:

(a) Be consistent with the minimum standard of valuation prior to the operative date of the valuation manual.

(b) Develop reserves that quantify the benefits and guarantees, and the funding, associated with the policies or contracts and their risks at a level of conservatism that reflects conditions that include unfavorable events that have a reasonable probability of occurring.

(5) Other requirements, including but not limited to those relating to reserve methods, models for measuring risk, generation of economic scenarios, assumptions, margins, use of company experience, risk measurement, disclosure, certifications, reports, actuarial opinions and memorandums, transition rules, and internal controls.

(6) The data and form of the data required under [subsection 16](#), to whom the data must be submitted, and other specified requirements, including data analyses and reporting of analyses.

e. In the absence of a specific valuation requirement or if a specific valuation requirement in the valuation manual is not, in the opinion of the commissioner, in compliance with [this](#)



[subsection](#), then the company shall, with respect to such requirements, comply with minimum valuation standards prescribed by the commissioner by rule.

f. The commissioner may engage a qualified actuary, at the expense of the company, to perform an actuarial examination of the company and opine on the appropriateness of any reserve assumption or method used by the company, or to review and opine on a company's compliance with any requirements set forth in [this section](#). The commissioner may rely upon the opinion, regarding provisions contained in [this section](#), of a qualified actuary engaged by the commissioner of another state, district, or territory of the United States. As used in this paragraph, "engage" includes employment of and contracting with a qualified actuary.

g. The commissioner may require a company to change any assumption or method that in the opinion of the commissioner is necessary in order to comply with the requirements of the valuation manual or [this section](#) and the company shall adjust the reserves as required by the commissioner. The commissioner may take other disciplinary action as authorized pursuant to [section 505.8](#).

15. *Requirements of principle-based valuation.*

a. A company shall establish reserves using a principle-based valuation that meets all of the following conditions for policies or contracts as specified in the valuation manual:

(1) Quantifies the benefits and guarantees, and the funding, associated with the policies or contracts and the risks of the policies or contracts at a level of conservatism that reflects conditions that include unfavorable events that have a reasonable probability of occurring during the lifetime of the policies or contracts. For policies or contracts with a significant tail risk, the valuation reflects conditions appropriately adverse to quantify the tail risk.

(2) Incorporates assumptions, risk analysis methods, and financial models and management techniques that are consistent with, but not necessarily identical to, those utilized within the company's overall risk assessment process, while recognizing potential differences in financial reporting structures and any prescribed assumptions or methods.

(3) Incorporates assumptions that are derived in one of the following manners:

(a) The assumption is prescribed in the valuation manual.

(b) For assumptions that are not prescribed in the valuation manual, the assumptions shall meet either of the following requirements:

(i) Be established utilizing the company's available experience, to the extent that the experience is relevant and statistically credible.

(ii) To the extent that company data is not available, relevant, or statistically credible, be established utilizing other relevant, statistically credible experience.

(4) Provides margins for uncertainty including adverse deviation and estimation error, such that the greater the uncertainty the larger the margin and resulting reserve.

b. A company using a principle-based valuation for one or more policies or contracts subject to [this subsection](#) as specified in the valuation manual shall do all of the following:

(1) Establish procedures for corporate governance and oversight of the actuarial valuation function consistent with those described in the valuation manual.

(2) Provide to the commissioner and the board of directors an annual certification of the effectiveness of the company's internal controls with respect to the principle-based valuation. Such controls shall be designed to assure that all material risks inherent in the liabilities and associated assets subject to such valuation are included in the valuation, and that the valuation is made in accordance with the valuation manual. The certification shall be based on the internal controls in place as of the end of the preceding calendar year.

(3) Develop, and file with the commissioner upon request, a principle-based valuation report that complies with standards prescribed in the valuation manual.

c. A principle-based valuation may include a prescribed formulaic reserve component.

16. *Experience reporting for policies or contracts in force on or after operative date of valuation manual.* A company shall submit mortality, morbidity, policyholder behavior, or expense experience and other data as prescribed in the valuation manual.

17. *Confidentiality.*

a. *Definition.* For purposes of [this subsection](#), "confidential information" means all of the following:

(1) A memorandum in support of an opinion submitted under [subsection 3](#) and any other



documents, materials, or other information, including but not limited to all working papers, and copies thereof, created, produced, obtained by, or disclosed to the commissioner or any other person in connection with the memorandum.

(2) All documents, materials, or other information, including but not limited to all working papers, and copies thereof, created, produced, obtained by, or disclosed to the commissioner or any other person in the course of an examination made under [subsection 14](#), paragraph “f”; provided, however, that if an examination report or other materials prepared in connection with an examination made under [chapter 507](#) is not held as private and confidential information under [section 507.14](#), an examination report or other material prepared in connection with an examination made under [subsection 14](#), paragraph “f”, shall not be “confidential information” to the same extent as if such examination report or other material had been prepared under [chapter 507](#).

(3) Any reports, documents, materials, or other information developed by a company in support of, or in connection with, an annual certification by the company under [subsection 15](#), paragraph “b”, subparagraph (2), evaluating the effectiveness of the company’s internal controls with respect to a principle-based valuation and any other documents, materials, or other information, including but not limited to all working papers, and copies thereof, created, produced, obtained by, or disclosed to the commissioner or any other person in connection with such reports, documents, materials, or other information.

(4) Any principle-based valuation report developed under [subsection 15](#), paragraph “b”, subparagraph (3), and any other documents, materials, or other information, including but not limited to all working papers, and copies thereof, created, produced, obtained by, or disclosed to the commissioner or any other person in connection with such report.

(5) Any documents, materials, data, or other information submitted by a company under [subsection 16](#), collectively known as “experience data” or “experience materials”, and any other documents, materials, data, or other information, including but not limited to all working papers, and copies thereof, created or produced in connection with such experience data, in each case that includes any potentially company-identifying or personally identifiable information, that is provided to or obtained by the commissioner, together with any “experience data” or “experience materials”, and any other documents, materials, data, or other information, including but not limited to all working papers, and copies thereof, created, produced, obtained by, or disclosed to the commissioner or any other person in connection with such experience data or experience materials.

*b. Privilege for, and confidentiality of, confidential information.*

(1) Except as provided in [this subsection](#), a company’s confidential information is confidential by law and privileged, and shall not be subject to [chapter 22](#), shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action; provided, however, that the commissioner is authorized to use the confidential information in the furtherance of any regulatory or legal action brought against the company as a part of the commissioner’s official duties.

(2) Neither the commissioner nor any person who received confidential information while acting under the authority of the commissioner shall be permitted or required to testify in any private civil action concerning any confidential information.

(3) In order to assist in the performance of the commissioner’s duties, the commissioner may share confidential information as follows:

(a) With other state, federal, or international regulatory agencies and with the NAIC and its affiliates and subsidiaries.

(b) In the case of confidential information specified in paragraph “a”, subparagraphs (1) and (4) only, with the actuarial board for counseling and discipline or its successor upon request stating that the confidential information is required for the purpose of professional disciplinary proceedings, and with state, federal, and international law enforcement officials.

(c) The sharing of confidential information under subparagraph division (a) or (b) requires that the recipient of the confidential information agrees, and has the legal authority to agree to maintain the confidentiality and privileged status of such documents, materials, data, and other information in the same manner and to the same extent as required for the commissioner.

(4) The commissioner may receive documents, materials, data, and other information, including otherwise confidential and privileged documents, materials, data, or information, from the NAIC and its affiliates and subsidiaries, from regulatory or law enforcement officials of other foreign or domestic jurisdictions, and from the actuarial board for counseling and discipline, or its successor, and shall maintain as confidential or privileged any documents, materials, data, or other information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the documents, materials, data, or other information.

(5) The commissioner may enter into agreements governing the sharing and use of information consistent with this paragraph “b”.

(6) No waiver of any applicable privilege or claim of confidentiality in the confidential information shall occur as a result of disclosure to the commissioner under [this subsection](#) or as a result of sharing as authorized in subparagraph (3).

(7) A privilege established under the law of any state or jurisdiction that is substantially similar to the privilege established in this paragraph “b” shall be available and enforced in any proceeding in, and in any court of, this state.

(8) For the purposes of [this subsection](#), “*regulatory agency*”, “*law enforcement agency*”, and the “NAIC”, include but are not limited to their employees, agents, consultants, and contractors.

*c. Sharing of confidential information.* Notwithstanding paragraph “b”, any confidential information specified in paragraph “b” may be shared as follows:

(1) May be subject to subpoena for the purpose of defending an action seeking damages from the appointed actuary submitting the related memorandum in support of an opinion submitted under [subsection 3](#) or a principle-based valuation report developed under [subsection 15](#), paragraph “b”, subparagraph (3), by reason of an action required by [this section](#) or by rules promulgated under [this section](#).

(2) May otherwise be released by the commissioner with the written consent of the company.

(3) Once any portion of a memorandum in support of an opinion submitted under [subsection 3](#) or a principle-based valuation report developed under [subsection 15](#), paragraph “b”, subparagraph (3), is cited by a company in its marketing or is publicly volunteered to or before a governmental agency other than a state insurance department or is released by the company to the news media, all portions of such memorandum or report shall no longer be confidential information.

#### 18. *Single state exemption.*

*a.* The commissioner may exempt specific product forms or product lines of a domestic company that is licensed and doing business only in this state from the requirements of [subsection 14](#) provided that all of the following have occurred:

(1) The commissioner has issued an exemption in writing to the company and has not subsequently revoked the exemption in writing.

(2) The company computes reserves using assumptions and methods used prior to the operative date of the valuation manual in addition to any requirements established by the commissioner and promulgated by rule.

*b.* For any company granted an exemption under [this subsection](#), [subsections 3 through 13](#) shall be applicable. With respect to any company applying this exemption, any reference to [subsection 14](#) found in [subsections 3 through 13](#) shall not be applicable.

[C73, §1169; C97, §1774; C24, 27, 31, 35, 39, §8654; C46, 50, 54, 58, 62, §508.12; C66, 71, 73, 75, 77, 79, 81, §508.36; [82 Acts, ch 1072, §1, 2](#)]

[94 Acts, ch 1176, §7, 8](#); [95 Acts, ch 67, §36](#); [2009 Acts, ch 41, §148 – 156](#); [2012 Acts, ch 1023, §104, 157](#); [2013 Acts, ch 30, §121 – 123](#); [2014 Acts, ch 1020, §1 – 9, 15](#); [2014 Acts, ch 1141, §23, 24](#)

Referred to in [§508.33A](#), [§508.37](#), [§511.8\(10\)\(a\)](#)

2014 amendments to this section apply on and after the operative date of the valuation manual as provided in this section; [2014 Acts, ch 1020, §15](#)

Section not amended; editorial changes applied