

HOUSE BILL NO. HB0006

Principle based reserving.

Sponsored by: Joint Corporations, Elections & Political
Subdivisions Interim Committee

A BILL

for

1 AN ACT relating to insurance; modifying reserve
2 requirements for specified insurers; establishing
3 exemptions; creating additional related requirements for
4 insurers; providing confidentiality for specified
5 documents; requiring use of certain mortality tables under
6 specified conditions; defining the nonforfeiture interest
7 rate for specified insurance policies; providing
8 definitions; providing rulemaking authority; and providing
9 for an effective date.

10

11 *Be It Enacted by the Legislature of the State of Wyoming:*

12

13 **Section 1.** W.S. 26-6-209 through 26-6-213 are created
14 to read:

15

1 **26-6-209. Valuation manual for policies and**
2 **contracts; amendments to manual; rules on minimum valuation**
3 **standards; actuarial examinations.**

4

5 (a) For policies or contracts issued on or after the
6 operative date of the valuation manual, the standard
7 prescribed in the valuation manual is the minimum standard
8 of valuation required under W.S. 26-6-202(e), except as
9 provided under subsection (e) or (g) of this section.

10

11 (b) The operative date of the valuation manual is
12 January 1, 2017.

13

14 (c) Unless an amendment in the valuation manual
15 specifies a later effective date, amendments to the
16 valuation manual shall be effective on January 1 following
17 the date when all of the following have occurred:

18

19 (i) The change to the valuation manual has been
20 adopted by the NAIC by an affirmative vote representing:

21

1 (A) At least three-fourths (3/4) of the
2 members of the NAIC voting, but not less than a majority of
3 the total membership; and

4

5 (B) Members of the NAIC representing
6 jurisdictions totaling greater than seventy-five percent
7 (75%) of the direct premiums written as reported in the
8 following annual statements most recently available prior
9 to the vote in subparagraph (A) of this paragraph:

10

11 (I) Life, accident and health annual
12 statements;

13

14 (II) Health annual statements; or

15

16 (III) Fraternal annual statements.

17

18 (d) The valuation manual shall specify all of the
19 following:

20

21 (i) Minimum valuation standards for and
22 definitions of the policies or contracts subject to W.S.
23 26-6-202(e). The minimum valuation standards shall be:

1

2 (A) The commissioner's reserve valuation
3 method for life insurance contracts, other than annuity
4 contracts, subject to W.S. 26-6-202(e);

5

6 (B) The commissioner's reserve valuation
7 method for annuity contracts subject to W.S. 26-6-202(e);
8 and

9

10 (C) Minimum reserves for all other policies
11 or contracts subject to W.S. 26-6-202(e).

12

13 (ii) Which policies or contracts or types
14 thereof are subject to the requirements of a principle
15 based valuation under W.S. 26-6-210(a) and the minimum
16 valuation standards consistent with those requirements;

17

18 (iii) For policies and contracts subject to a
19 principle based valuation under W.S. 26-6-210:

20

21 (A) Requirements for the format of reports
22 to the commissioner under W.S. 26-6-210(b)(iii), which
23 shall include information necessary to determine if the

1 valuation is appropriate and in compliance with this
2 article;

3

4 (B) Assumptions for risks over which the
5 insurer does not have significant control or influence;

6

7 (C) Procedures for corporate governance and
8 actuarial function oversight and a process for appropriate
9 waiver or modification of the procedures.

10

11 (iv) For policies and contracts not subject to a
12 principle based valuation under W.S. 26-6-210, the minimum
13 valuation standard shall either:

14

15 (A) Be consistent with the minimum standard
16 of valuation prior to the operative date of the valuation
17 manual; or

18

19 (B) Require reserves that quantify the
20 benefits, guarantees, funding and risks associated with the
21 policies or contracts at a level of conservatism that
22 reflects conditions including unfavorable events with a
23 reasonable probability of occurring.

1

2 (v) The experience data required under W.S.
3 26-6-211 including reporting and any data analysis
4 requirements; and

5

6 (vi) Any other requirement including those
7 relating to reserve methods, models for measuring risk,
8 generation of economic scenarios, assumptions, margins, use
9 of company experience, risk measurement, disclosure,
10 certifications, reports, actuarial opinions and memoranda,
11 transition rules and internal controls.

12

13 (e) In the absence of a specific valuation
14 requirement or if a specific valuation requirement in the
15 valuation manual is not in the commissioner's opinion in
16 compliance with this article, the insurer shall comply with
17 minimum valuation standards prescribed by the commissioner
18 by rule or regulation.

19

20 (f) The commissioner may, at the expense of the
21 insurer, engage, employ or contract a qualified actuary to
22 perform an actuarial examination of the insurer and opine
23 on the appropriateness of any reserve assumption or method

1 used by the insurer, or to review and opine on an insurer's
2 compliance with any requirement set forth in this article.
3 The commissioner may rely upon the opinion of a qualified
4 actuary engaged by the commissioner of another state,
5 district or territory of the United States regarding
6 provisions contained within this article.

7

8 (g) The commissioner may require an insurer to change
9 any assumption or method that in the commissioner's opinion
10 is necessary to comply with the requirements of the
11 valuation manual or this article. An insurer shall adjust
12 the reserves as required by the commissioner. The
13 commissioner may take other disciplinary action as
14 permitted pursuant to W.S. 26-1-107.

15

16 **26-6-210. Principle based valuation; requirements.**

17

18 (a) An insurer shall establish reserves using a
19 principle based valuation that meets all of the following
20 conditions for policies or contracts issued on or after the
21 operative date of the valuation manual as specified in the
22 valuation manual:

23

1 (i) Quantifies the benefits, guarantees, funding
2 and risks associated with the policies or contracts at a
3 level of conservatism that reflects conditions including
4 unfavorable events with a reasonable probability of
5 occurring during the lifetime of the contracts. For
6 policies or contracts with significant tail risk, reflects
7 conditions appropriately adverse to quantify the tail risk;

8

9 (ii) Incorporates assumptions, risk analysis
10 methods and financial models and management techniques that
11 are consistent with those utilized within the insurer's
12 overall risk assessment process, while recognizing
13 potential differences in financial reporting structures and
14 any prescribed assumptions or methods;

15

16 (iii) Incorporates assumptions derived in one
17 (1) of the following manners:

18

19 (A) Assumptions prescribed in the valuation
20 manual;

21

22 (B) For assumptions not prescribed in the
23 valuation manual, assumptions that:

1

2 (I) Use the insurer's available
3 experience, to the extent it is relevant and statistically
4 credible; or

5

6 (II) To the extent that company data
7 on experience is not available, relevant or statistically
8 credible, use other relevant, statistically credible
9 experience.

10

11 (iv) Provides margins for uncertainty including
12 adverse deviation and estimation error such that the
13 greater the uncertainty the greater the margin and
14 resulting reserve.

15

16 (b) An insurer using a principle based valuation for
17 one (1) or more policies or contracts subject to this
18 section as specified in the valuation manual shall:

19

20 (i) Establish procedures for corporate
21 governance and oversight of the actuarial valuation
22 function consistent with those described in the valuation
23 manual;

1

2 (ii) Provide to the commissioner and the
3 insurer's board of directors an annual certification of the
4 effectiveness of the internal controls with respect to the
5 principle based valuation. The controls shall be designed
6 to assure all material risks inherent in the liabilities
7 and associated assets subject to the valuation are included
8 in the valuation and valuations are made in accordance with
9 the valuation manual. The certification shall be based on
10 the controls in place as of the end of the preceding
11 calendar year;

12

13 (iii) Develop, and file with the commissioner
14 upon the commissioner's request, a principle based
15 valuation report that complies with standards prescribed in
16 the valuation manual.

17

18 (c) A principle based valuation may include a
19 prescribed formulaic reserve component.

20

21 **26-6-211. Experience data reporting for policies and**
22 **contracts.**

23

1 An insurer shall submit mortality, morbidity, policyholder
2 behavior or expense experience and other data as prescribed
3 in the valuation manual.

4

5 **26-6-212. Confidential information; when disclosure**
6 **is permitted.**

7

8 (a) Privilege for, and confidentiality of,
9 confidential information is as follows:

10

11 (i) Except as otherwise provided in this
12 section, an insurer's confidential information is
13 confidential and privileged and shall not be subject to
14 public inspection, subpoena, discovery or be admissible in
15 evidence in any private civil action. The commissioner may
16 use an insurer's confidential information in the
17 furtherance of any regulatory or legal action brought
18 against the insurer as part of the commissioner's official
19 duties;

20

21 (ii) Neither the commissioner nor any person who
22 receives confidential information while acting under the
23 authority of the commissioner shall be permitted or

1 required to testify in any private civil action concerning
2 an insurer's confidential information;

3

4 (iii) In order to assist in the performance of
5 the commissioner's duties, and provided that a recipient
6 agrees, and has the legal authority to agree to maintain
7 the confidentiality and privileged status of documents,
8 materials, data and other information in the same manner
9 and to the same extent as required for the commissioner,
10 the commissioner may share confidential information with
11 other state, federal and international regulatory agencies
12 or law enforcement officials, with the NAIC and its
13 affiliates and subsidiaries and, in the case of
14 confidential information specified in paragraphs (c)(i) and
15 (iv) of this section only, with the actuarial board for
16 counseling and discipline or its successor upon request
17 stating that the confidential information is required for
18 the purpose of professional disciplinary proceedings and
19 with state, federal and international law enforcement
20 officials;

21

22 (iv) The commissioner may receive documents,
23 materials, data and other information, including otherwise

1 confidential and privileged documents, materials, data or
2 information, from the NAIC and its affiliates and
3 subsidiaries, regulatory or law enforcement officials of
4 other foreign or domestic jurisdictions and the actuarial
5 board for counseling and discipline or its successor. The
6 commissioner shall maintain as confidential or privileged
7 any document, material, data or other information received
8 with notice or the understanding that it is confidential or
9 privileged under the laws of the jurisdiction that is the
10 source of the document, material or other information;

11

12 (v) The commissioner may enter into agreements
13 governing the sharing and use of information consistent
14 with the provisions of this subsection;

15

16 (vi) No waiver of any applicable privilege or
17 claim of confidentiality in the confidential information
18 shall occur as a result of disclosure to the commissioner
19 under this section or as a result of sharing as authorized
20 under paragraph (iii) of this subsection;

21

22 (vii) A privilege established under the law of
23 any state or jurisdiction that is substantially similar to

1 the privilege established under this subsection shall be
2 available and enforced in any proceeding of this state;

3

4 (viii) As used in this section "regulatory
5 agency," "law enforcement agency" and the "NAIC" include
6 their employees, agents, consultants and contractors.

7

8 (b) Notwithstanding subsection (a) of this section,
9 any confidential information specified in paragraphs (c)(i)
10 and (iv) of this section:

11

12 (i) May be subject to subpoena for the purpose
13 of defending an action seeking damages from the appointed
14 actuary submitting the related memorandum in support of an
15 opinion submitted under W.S. 26-6-208 or principle based
16 valuation report developed under W.S. 26-6-210(b)(iii) by
17 reason of an action required by this article or by rule or
18 regulation promulgated in accordance with this article;

19

20 (ii) May otherwise be released by the
21 commissioner with the written consent of the insurer the
22 confidential information relates to; and

23

1 (iii) Once any portion of a memorandum in
2 support of an opinion submitted under W.S. 26-6-208 or a
3 principle based valuation report developed under W.S.
4 26-6-210(b)(iii) is cited by the insurer in its marketing
5 or is publicly volunteered to or before a governmental
6 agency other than a state insurance department or is
7 released by the insurer to the news media, all portions of
8 the memorandum or report shall no longer be privileged or
9 confidential.

10
11 (c) For purposes of this section, "confidential
12 information" means:

13
14 (i) A memorandum in support of an opinion
15 submitted under W.S. 26-6-208 and any other documents,
16 materials and other information including all working
17 papers, and copies thereof, created, produced or obtained
18 by or disclosed to the commissioner or any other person in
19 connection with the memorandum;

20
21 (ii) Except as otherwise provided in this
22 paragraph, all documents, materials, digital or electronic
23 documents and other information including all working

1 papers, and copies thereof, created, produced or obtained
2 by or disclosed to the commissioner or any other person in
3 the course of an examination made under W.S. 26-6-209(f).
4 If an examination report or other material prepared in
5 connection with an examination made under W.S. 26-2-116 is
6 not held as private and confidential information under W.S.
7 26-2-116, an examination report or other material prepared
8 in connection with an examination made under W.S.
9 26-6-209(f) shall not be confidential information to the
10 same extent as if the examination report or other material
11 had been prepared under W.S. 26-2-116;

12

13 (iii) Any reports, documents, materials and
14 other information developed by an insurer in support of, or
15 in connection with, an annual certification by the insurer
16 under W.S. 26-6-210(b)(ii) and any reports, documents,
17 materials, digital or electronic documents and other
18 information including all working papers, and copies
19 thereof, created, produced or obtained by or disclosed to
20 the commissioner or any other person in connection with the
21 reports, documents, materials and other information;

22

1 (iv) Any principle based valuation report
2 developed under W.S. 26-6-210(b)(iii) and any other
3 documents, materials, digital or electronic documents and
4 other information including all working papers, and copies
5 thereof, created, produced or obtained by or disclosed to
6 the commissioner or any other person in connection with the
7 report; and

8
9 (v) Any experience data submitted by an insurer
10 under W.S. 26-6-211 and any reports, documents, materials,
11 data, digital or electronic documents and other information
12 including all working papers, and copies thereof, created
13 or produced in connection with the experience data that
14 include any potentially insurer identifying or personally
15 identifiable information, that is provided to or obtained
16 by the commissioner. This includes any reports, documents,
17 materials, data, digital or electronic documents and other
18 information including all working papers, and copies
19 thereof, created, produced or obtained by or disclosed to
20 the commissioner or any other person in connection with the
21 experience data or any other report, document, material,
22 datum, digital or electronic documents or other information
23 referred to in this paragraph.

1

2 **26-6-213. Single state exemption.**

3

4 (a) The commissioner may exempt specific product
5 forms or product lines of a domestic insurer that is
6 licensed and doing business only in Wyoming from the
7 requirements of W.S. 26-6-209, provided that:

8

9 (i) The commissioner has issued an exemption in
10 writing to the insurer and has not subsequently revoked the
11 exemption in writing; and

12

13 (ii) The insurer computes reserves using
14 assumptions and methods used prior to the operative date of
15 the valuation manual in addition to any requirements
16 established by rule and regulation of the commissioner.

17

18 (b) For any insurer granted an exemption under this
19 section, W.S. 26-6-203 and 26-6-205 through 26-6-208 shall
20 be applicable. With respect to any insurer applying the
21 exemption granted under this section, any reference to W.S.
22 26-6-209 found in W.S. 26-6-203 and 26-6-205 through
23 26-6-208 shall not be applicable.

1

2 **Section 2.** W.S. 26-6-201, 26-6-202(a), (c), (d) and
3 by creating a new subsection (e), 26-6-203(a)(intro),
4 26-6-205(b)(intro), (i)(intro), (ii)(intro), (c)(i) and
5 (f), 26-6-206(a)(intro), (ii)(intro), (b)(i)(A) through (C)
6 and (v)(A), 26-6-207, 26-6-208 by creating new subsections
7 (g) and (h), 26-16-201 by creating a new subsection (c) and
8 26-16-209(j)(vi), by creating a new paragraph (vii), by
9 amending and renumbering (vii) as (viii), by creating a new
10 paragraph (ix) and (k) are amended to read:

11

12 **26-6-201. Short title; definitions.**

13

14 (a) This article is known as the Standard Valuation
15 Law.

16

17 (b) For the purposes of this article the following
18 definitions shall apply on or after the operative date of
19 the valuation manual. To the extent a definition which
20 follows is inconsistent or different from a definition
21 elsewhere in this code, the definition in this section
22 shall be applicable for the purposes of this article:

23

1 (i) "Accident and health insurance" means
2 contracts that incorporate morbidity risk and provide
3 protection against economic loss resulting from accident,
4 sickness or medical conditions and as may be specified in
5 the valuation manual;

6
7 (ii) "Appointed actuary" means a qualified
8 actuary who is appointed in accordance with the valuation
9 manual to prepare the actuarial opinion required in W.S.
10 26-6-208(h);

11
12 (iii) "Deposit type contract" means contracts
13 that do not incorporate mortality or morbidity risks and as
14 may be specified in the valuation manual;

15
16 (iv) "Insurer" means an entity which:

17
18 (A) Has written, issued or reinsured life
19 insurance contracts, accident and health insurance
20 contracts or deposit type contracts in this state and has
21 at least one (1) of the contracts or policies in force or
22 on claim; or

23

1 (B) Has written, issued or reinsured life
2 insurance contracts, accident and health insurance
3 contracts or deposit type contracts in any state and is
4 required to hold a certificate of authority to write life
5 insurance, accident and health insurance or deposit type
6 contracts in this state.

7
8 (v) "Life insurance" means contracts that
9 incorporate mortality risk, including annuity and pure
10 endowment contracts, and as may be specified in the
11 valuation manual;

12
13 (vi) "Policyholder behavior" means any action a
14 policyholder, contract holder or any other person with the
15 right to elect options, such as a certificate holder, may
16 take under a policy or contract subject to this article
17 including lapse, withdrawal, transfer, deposit, premium
18 payment, loan, annuitization or benefit elections
19 prescribed by the policy or contract but excluding events
20 of mortality or morbidity that result in benefits
21 prescribed in their essential aspects by the terms of the
22 policy or contract;

23

1 (vii) "Principle based valuation" means a
2 reserve valuation that uses one (1) or more methods or one
3 (1) or more assumptions determined by the insurer and that
4 complies with W.S. 26-6-210 as specified in the valuation
5 manual;

6
7 (viii) Except as provided in W.S. 26-6-208(g),
8 "qualified actuary" means an individual who is qualified to
9 sign the applicable statement of actuarial opinion in
10 accordance with the American Academy of Actuaries
11 qualification standards for actuaries signing the
12 statements and who meets the requirements specified in the
13 valuation manual;

14
15 (ix) "Tail risk" means a risk that occurs where
16 the frequency of low probability events is higher than
17 expected under a normal probability distribution or where
18 there are observed events of very significant size or
19 magnitude;

20
21 (x) "Valuation manual" means the manual of
22 valuation instructions adopted by the NAIC as specified in
23 this article and as subsequently amended.

1

2 **26-6-202. Annual valuation of reserves required;**
3 **minimum standard valuation; other valuations accepted;**
4 **conditions.**

5

6 (a) Policies and contracts issued prior to the
7 operative date of the valuation manual shall be governed by
8 the following provisions:

9

10 (i) The commissioner, annually, shall value, or
11 cause to be valued, the reserve liabilities (or reserves)
12 for all outstanding life insurance policies and annuity and
13 pure endowment contracts of any authorized life insurer ~~and~~
14 ~~may certify the amount of those reserves, specifying the~~
15 ~~mortality tables, interest rates and methods used in~~
16 ~~calculating the reserves~~ issued prior to the operative date
17 of the valuation manual. The commissioner may use group
18 methods and approximate averages for fractions of a year or
19 otherwise in calculating reserves. In the case of an alien
20 insurer, the valuation is limited to its United States
21 business~~;~~

22

1 (ii) Instead of the valuation of reserves
2 required of any foreign or alien insurer, the commissioner
3 may accept any valuation from the insurance supervisory
4 official of any state or other jurisdiction if that
5 valuation complies with the minimum standard provided in
6 this article;

7
8 (iii) The commissioner may accept the valuation
9 made by any domestic life insurer upon satisfactory proof
10 of its correctness and compliance with W.S. 26-6-208;

11
12 (iv) The provisions set forth in W.S. 26-6-203
13 and 26-6-205 through 26-6-207 shall apply to all policies
14 and contracts, as appropriate, subject to this article
15 prior to the operative date of the valuation manual and the
16 provisions set forth in W.S. 26-6-209 and 26-6-210 shall
17 not apply to the policies and contracts.

18
19 (c) Any insurer which adopts any standard of
20 valuation producing greater aggregate reserves than those
21 calculated according to the minimum standard provided in
22 this article, with the commissioner's approval, may adopt
23 any lower standard of valuation, but not lower than the

1 minimum standard. For the purposes of this section, the
2 holding of additional reserves previously determined by a
3 ~~qualified~~ the appointed actuary to be necessary to render
4 the opinion required by W.S. 26-6-208 shall not be deemed
5 to be the adoption of a higher standard of valuation.

6

7 (d) Reserves for any category of policies, contracts
8 or benefits as the commissioner establishes, may at the
9 insurer's option, be calculated according to any standards
10 which produce greater aggregate reserves for the category
11 than those calculated according to the minimum standard
12 provided in this article. However, the rates of interest
13 used for policies and contracts other than annuity and pure
14 endowment contracts shall not be ~~higher~~ greater than the
15 corresponding rates of interest used in calculating any
16 nonforfeiture benefits provided in the policies and
17 contracts.

18

19 (e) Policies and contracts issued on or after the
20 operative date of the valuation manual shall be governed by
21 the following provisions:

22

1 (i) The commissioner shall annually value, or
2 cause to be valued, the reserve liabilities (or reserves)
3 for all outstanding life insurance contracts, annuity and
4 pure endowment contracts, accident and health contracts,
5 and deposit type contracts of any authorized life insurer
6 issued on or after the operative date of the valuation
7 manual. In the case of an alien insurer, the valuation is
8 limited to its United States business;

9
10 (ii) Instead of the valuation of reserves
11 required of any foreign or alien insurer, the commissioner
12 may accept any valuation from the insurance supervisory
13 official of any state or other jurisdiction if that
14 valuation complies with the minimum standard provided in
15 this article;

16
17 (iii) The commissioner may accept the valuation
18 made by any domestic life insurer upon satisfactory proof
19 of its correctness and compliance with W.S. 26-6-208;

20
21 (iv) The provisions set forth in W.S. 26-6-209
22 and 26-6-210 shall apply to all policies and contracts

1 issued on or after the operative date of the valuation
2 manual.

3
4 **26-6-203. Reserve calculation; valuation net premium**
5 **exceeding gross premium charged.**

6
7 (a) If in any contract year the gross premium charged
8 by any ~~life~~-insurer on any policy or contract is less than
9 the valuation net premium for the policy or contract
10 calculated by the method used in calculating the reserve
11 thereon but using the minimum valuation standards of
12 mortality and rate of interest, the minimum reserve for the
13 policy or contract shall be the greater of either the
14 reserve calculated according to:

15
16 **26-6-205. Computation of minimum standard; reserve**
17 **valuation method, life insurance and endowment benefits;**
18 **annuity and pure endowment benefits; minimum reserves;**
19 **reserve calculation; indeterminate plans.**

20
21 (b) Except as otherwise provided in W.S. 26-6-206 and
22 26-6-207 the minimum standard for the valuation of all
23 policies and contracts subject to this article issued prior

1 to the effective date of the standard valuation law shall
2 be that provided by the laws in effect immediately prior to
3 that date. Except as otherwise provided in W.S. 26-6-206
4 and 26-6-207 the minimum standard for the valuation of all
5 policies and contracts subject to this article issued on or
6 after the effective date of the standard valuation law and
7 prior to the operative date of the valuation manual shall
8 be the commissioners' reserve valuation method defined in
9 subsections (c) and (e) of this section, W.S. 26-6-203 and
10 26-6-207, three and one-half percent (3 1/2%) interest or
11 four percent (4%) interest for life insurance policies and
12 contracts other than annuity and pure endowment contracts
13 issued on or after July 1, 1975 and prior to May 20, 1981,
14 five and one-half percent (5 1/2%) interest for single
15 premium life insurance policies, and four and one-half
16 percent (4 1/2%) interest for all other such policies
17 issued on or after May 20, 1981, and the following tables:

18

19 (i) For ~~all~~ ordinary policies of life insurance
20 issued on the standard basis, excluding any disability and
21 accidental death benefits in those policies:

22

1 (ii) For ~~all~~ industrial life insurance policies
2 issued on the standard basis, excluding any disability and
3 accidental death benefits in those policies:

4

5 (c) Except as provided in W.S. 26-6-203, 26-6-207 and
6 subsection (e) of this section reserves according to the
7 commissioners' reserve valuation method:

8

9 (i) For the life insurance and endowment
10 benefits of policies providing for a uniform amount of
11 insurance and requiring the payment of uniform premiums,
12 shall be the excess, if any, of the present value, at the
13 date of valuation, of the future guaranteed benefits
14 provided by those policies, over the then present value of
15 any future modified net policy premiums. The modified net
16 premiums for any such policy shall be a uniform percentage
17 of the contract premiums for the benefits such that the
18 present value, at the date of issue of the policy, of all
19 the modified net premiums shall be equal to the sum of the
20 then present value of the benefits provided by the policy
21 and the excess of (1) over (2) as follows: (1) A net level
22 annual premium equal to the present value, at the date of
23 issue, of the benefits provided after the first policy

1 year, divided by the present value at the date of issue, of
2 an annuity of one (1) per annum payable on each policy
3 anniversary on which a premium falls due. The net level
4 annual premium shall not exceed the net level annual
5 premium on the nineteen (19) year premium whole life plan
6 for insurance of the same amount at an age one (1) year
7 higher than the age at issue of the policy; (2) A net one
8 (1) year term premium for benefits provided in the first
9 policy year;

10

11 (f) No insurer's aggregate reserves for all life
12 insurance policies, excluding disability and accidental
13 death benefits, shall be less than the aggregate reserves
14 calculated in accordance with the method set forth in
15 subsections (b), (c), (d), (e) and (h) of this section and
16 W.S. 26-6-203, and the mortality tables and rates of
17 interest used in calculating nonforfeiture benefits for
18 those policies. In no event shall the aggregate reserves
19 for all policies, contracts and benefits be less than the
20 aggregate reserves determined by the ~~qualified~~appointed
21 actuary to be necessary to render the opinion required by
22 W.S. 26-6-208.

23

1 **26-6-206. Computation of minimum standard for**
2 **annuities; computation of minimum standard valuation by**
3 **calendar year of issue.**

4
5 (a) Except as provided in subsection (b) of this
6 section the minimum standard ~~for the of~~ valuation ~~of all~~
7 for individual annuity and pure endowment contracts issued
8 on or after the operative date of this section as defined
9 in subsection (b) of this section, and for ~~all~~ annuities
10 and pure endowments purchased on or after that operative
11 date under group annuity and pure endowment contracts,
12 shall be the commissioners' reserve valuation method
13 defined in W.S. 26-6-205(c), (d) and (e) and the following
14 tables and interest rates:

15
16 (ii) For ~~all~~ annuities and pure endowments
17 purchased:

18
19 (b) (i) The interest rates used in determining the
20 minimum standard for the valuation of:

21

1 (A) ~~All~~Life insurance policies issued in a
2 particular calendar year, on or after the operative date of
3 W.S. 26-16-209;

4

5 (B) ~~All~~Individual annuity and pure
6 endowment contracts issued in a particular calendar year on
7 or after January 1, 1995;

8

9 (C) ~~All~~Annuities and pure endowments
10 purchased in a particular calendar year on or after January
11 1, 1995, under group annuity and pure endowment contracts;
12 and

13

14 (v) The reference interest rate referred to in
15 paragraphs (ii) and (iii) of this subsection shall be
16 defined as follows:

17

18 (A) For ~~all~~-life insurance, the lesser of
19 the average over a period of thirty-six (36) months and the
20 average over a period of twelve (12) months, ending on June
21 30 of the calendar year next preceding the year of issue,
22 of the monthly average of the composite yield on seasoned

1 corporate bonds, as published by Moody's Investors Service,
2 Inc.;

3

4 **26-6-207. Minimum standards for accident and health**
5 **insurance contracts including disability plans.**

6

7 The commissioner shall promulgate regulations containing
8 the minimum standards applicable to the valuation of
9 accident and health contracts, including disability plans,
10 issued prior to the operative date of the valuation manual.
11 For accident and health insurance contracts issued on or
12 after the operative date of the valuation manual, the
13 standard prescribed in the valuation manual is the minimum
14 standard of valuation required under W.S. 26-6-202(e).

15

16 **26-6-208. Actuarial opinion of reserves.**

17

18 (g) Actuarial opinions issued prior to the operative
19 date of the valuation manual shall be governed by the
20 following provisions:

21

22 (i) Every life insurer doing business in this
23 state shall annually submit the opinion of a qualified

1 actuary as to whether the reserves and related actuarial
2 items held in support of the policies and contracts
3 specified by the commissioner by regulation are computed
4 appropriately, are based on assumptions which satisfy
5 contractual provisions, are consistent with prior reported
6 amounts and comply with applicable laws of this state. The
7 commissioner by regulation shall define the specifics of
8 this opinion and add any other items deemed to be necessary
9 to its scope;

10
11 (ii) Every life insurer, except as exempted by
12 regulation, shall also annually include in the opinion
13 required by paragraph (i) of this subsection, an opinion of
14 the same qualified actuary as to whether the reserves and
15 related actuarial items held in support of the policies and
16 contracts specified by the commissioner by regulation, when
17 considered in light of the assets held by the insurer with
18 respect to the reserves and related actuarial items,
19 including the investment earnings on the assets and the
20 considerations anticipated to be received and retained
21 under the policies and contracts, make adequate provision
22 for the insurer's obligations under the policies and
23 contracts including the benefits under and expenses

1 associated with the policies and contracts. The
2 commissioner may provide by regulation for a transition
3 period for establishing any higher reserves which the
4 qualified actuary deems necessary in order to render the
5 opinion required by this section;

6
7 (iii) Each opinion required by paragraph (ii) of
8 this subsection shall be governed by the following
9 provisions:

10
11 (A) A memorandum, in form and substance
12 acceptable to the commissioner as specified by regulation,
13 shall be prepared to support each actuarial opinion;

14
15 (B) If the insurer fails to provide a
16 supporting memorandum at the request of the commissioner
17 within a period specified by regulation or the commissioner
18 determines that the supporting memorandum provided by the
19 insurer fails to meet the standards prescribed by
20 regulation or is unacceptable to the commissioner, the
21 commissioner may engage a qualified actuary at the expense
22 of the insurer to review the opinion and the basis for the

1 opinion and prepare any supporting memorandum required by
2 the commissioner.

3
4 (iv) Every opinion required by this subsection
5 shall be governed by the following provisions:

6
7 (A) The opinion shall be submitted with the
8 annual statement reflecting the valuation of reserve
9 liabilities for each year ending on or after December 31,
10 1995;

11
12 (B) The opinion shall apply to all business
13 in force including individual and group health insurance
14 plans, in form and substance acceptable to the commissioner
15 as specified by regulation;

16
17 (C) The opinion shall be based on standards
18 adopted by the actuarial standards board and on additional
19 standards as the commissioner by regulation prescribes;

20
21 (D) In the case of an opinion required to
22 be submitted by a foreign or alien insurer, the
23 commissioner may accept the opinion filed by that insurer

1 with the insurance supervisory official of another state if
2 the commissioner determines that the opinion reasonably
3 meets the requirements applicable to an insurer domiciled
4 in this state;

5
6 (E) Except in cases of fraud, willful
7 misconduct or negligence the qualified actuary shall not be
8 liable for damages to any person, other than the insurer
9 and the commissioner, for any act, error, omission,
10 decision or conduct with respect to the actuary's opinion;

11
12 (F) Disciplinary action by the commissioner
13 against the insurer or the qualified actuary shall be in
14 accordance with W.S. 26-1-107;

15
16 (G) Any memorandum in support of the
17 opinion, and any other material provided by the insurer to
18 the commissioner in connection with the opinion, shall be
19 kept confidential by the commissioner, may be shared as
20 authorized by and in accordance with the provisions of W.S.
21 26-2-113(d), and shall not be made public other than for
22 the purpose of defending an action seeking damages from any
23 person by reason of any action required by this section or

1 by regulations promulgated under this section. Once any
2 portion of the confidential memorandum is cited by the
3 insurer in its marketing or is cited before any
4 governmental agency other than a state insurance department
5 or is released by the insurer to the news media, no portion
6 of the memorandum shall be confidential. The memorandum or
7 other material may otherwise be released by the
8 commissioner:

9
10 (I) With the written consent of the
11 insurer; or

12
13 (II) To the American Academy of
14 Actuaries upon request stating that the memorandum or other
15 material is required for the purpose of professional
16 disciplinary proceedings and setting forth procedures
17 satisfactory to the commissioner for preserving the
18 confidentiality of the memorandum or other material.

19
20 (v) For the purposes of this subsection,
21 "qualified actuary" means a member in good standing of the
22 American Academy of Actuaries and who meets requirements
23 prescribed by regulation of the commissioner.

1

2 (h) Actuarial opinions of reserves issued after the
3 operative date of the valuation manual shall be governed by
4 the following provisions:

5

6 (i) Every insurer with outstanding life
7 insurance contracts, accident and health insurance
8 contracts or deposit type contracts in this state and
9 subject to regulation by the commissioner shall annually
10 submit the opinion of the appointed actuary as to whether
11 the reserves and related actuarial items held in support of
12 the policies and contracts are computed appropriately,
13 based on assumptions that satisfy contractual provisions,
14 consistent with prior reported amounts and comply with
15 applicable laws of this state;

16

17 (ii) Every insurer with outstanding life
18 insurance contracts, accident and health insurance
19 contracts or deposit type contracts in this state and
20 subject to regulation by the commissioner, except as
21 exempted in the valuation manual, shall also annually
22 include in the opinion required by paragraph (i) of this
23 subsection, an opinion of the same appointed actuary as to

1 whether the reserves and related actuarial items held in
2 support of the policies and contracts specified in the
3 valuation manual, when considered in light of the assets
4 held by the insurer with respect to the reserves and
5 related actuarial items including the investment earnings
6 on the assets and the considerations anticipated to be
7 received and retained under the policies and contracts,
8 make adequate provision for the insurer's obligations under
9 the policies and contracts including the benefits under and
10 expenses associated with the policies and contracts;

11
12 (iii) Each opinion required by paragraph (ii) of
13 this subsection shall be governed by the following
14 provisions:

15
16 (A) A memorandum, in form and substance as
17 specified in the valuation manual and acceptable to the
18 commissioner, shall be prepared to support each actuarial
19 opinion;

20
21 (B) If the insurer fails to provide a
22 supporting memorandum at the request of the commissioner
23 within a period specified in the valuation manual or the

1 commissioner determines that the supporting memorandum
2 provided by the insurer fails to meet the standards
3 prescribed by the valuation manual or is otherwise
4 unacceptable to the commissioner, the commissioner may
5 engage a qualified actuary at the expense of the insurer to
6 review the opinion and the basis for the opinion and
7 prepare the supporting memorandum required by the
8 commissioner.

9
10 (iv) Every opinion required by this subsection
11 shall be governed by the following provisions:

12
13 (A) The opinion shall be in form and
14 substance as specified in the valuation manual and
15 acceptable to the commissioner;

16
17 (B) The opinion shall be submitted with the
18 annual statement reflecting the valuation of such reserve
19 liabilities for each year ending on or after the operative
20 date of the valuation manual;

21
22 (C) The opinion shall apply to all policies
23 and contracts subject to paragraph (ii) of this subsection,

1 plus other actuarial liabilities as may be specified in the
2 valuation manual;

3
4 (D) The opinion shall be based on standards
5 adopted by the actuarial standards board or its successor,
6 and on any additional standards as may be prescribed in the
7 valuation manual;

8
9 (E) In the case of an opinion required to
10 be submitted by a foreign or alien insurer, the
11 commissioner may accept the opinion filed by that insurer
12 with the insurance supervisory official of another state if
13 the commissioner determines that the opinion reasonably
14 meets the requirements applicable to an insurer domiciled
15 in this state;

16
17 (F) Except in cases of fraud or willful
18 misconduct, the appointed actuary shall not be liable for
19 damages to any person, other than the insurer and the
20 commissioner, for any act, error, omission, decision or
21 conduct with respect to the appointed actuary's opinion;

22

1 (G) Disciplinary action by the commissioner
2 against the insurer or the appointed actuary shall be in
3 accordance with W.S. 26-1-107.
4

5 **26-16-201. Short title; policy issue date; valuation**
6 **manual operative date.**
7

8 (c) For the purpose of this article, "operative date
9 of the valuation manual" means January 1, 2017.
10

11 **26-16-209. Section applicability; premium adjustment**
12 **for any policy; annual calculation; exception.**
13

14 (j) All adjusted premiums and present values referred
15 to in this article shall be calculated for all policies of
16 ordinary insurance on the basis of the commissioners' 1980
17 standard ordinary mortality table or, at the election of
18 the company for any one (1) or more specified life
19 insurance plans, the commissioners' 1980 standard ordinary
20 mortality table with ten-year select mortality factors; for
21 all industrial insurance policies on the basis of the
22 commissioners' 1961 standard industrial mortality table;
23 and for all policies issued in a particular calendar year

1 on the basis of a rate of interest not exceeding the
2 nonforfeiture interest rate as defined in this section for
3 policies issued in that calendar year, except that:

4
5 (vi) Any ~~For policies issued prior to the~~
6 ~~operative date of the valuation manual, any commissioners'~~
7 ~~standard~~ ordinary mortality tables the ~~National Association~~
8 ~~of Insurance Commissioners~~ NAIC adopts after 1980, that are
9 approved by regulation the commissioner promulgates, for
10 use in determining the minimum nonforfeiture standard, may
11 be substituted for the commissioners' 1980 standard
12 ordinary mortality table with or without ten-year select
13 mortality factors or for the commissioners' 1980 extended
14 term insurance table;

15
16 (vii) For policies issued on or after the
17 operative date of the valuation manual, the valuation
18 manual shall provide the commissioners' standard mortality
19 table for use in determining the minimum nonforfeiture
20 standard that may be substituted for the commissioners'
21 1980 standard ordinary mortality table with or without
22 ten-year select mortality factors or for the commissioners'
23 1980 extended term insurance table. If the commissioner

1 approves by regulation any commissioners' standard ordinary
2 mortality table adopted by the NAIC for use in determining
3 the minimum nonforfeiture standard for policies issued on
4 or after the operative date of the valuation manual then
5 that minimum nonforfeiture standard supersedes the minimum
6 nonforfeiture standard provided by the valuation manual;

7
8 ~~(vii)~~ (viii) For policies issued prior to the
9 operative date of the valuation manual, any commissioners'
10 standard industrial mortality tables the ~~National~~
11 ~~Association of Insurance Commissioners~~ NAIC adopts after
12 1980, that are approved by regulation the commissioner
13 promulgates, for use in determining the minimum
14 nonforfeiture standard, may be substituted for the
15 commissioners' 1961 standard industrial mortality table or
16 the commissioners' 1961 industrial extended term insurance
17 table;.

18
19 (ix) For policies issued on or after the
20 operative date of the valuation manual, the valuation
21 manual shall provide the commissioners' standard mortality
22 table for use in determining the minimum nonforfeiture
23 standard that may be substituted for the commissioners'

1 1961 standard industrial mortality table or the
2 commissioners' 1961 industrial extended term insurance
3 table. If the commissioner approves by regulation any
4 commissioners' standard industrial mortality table adopted
5 by the NAIC for use in determining the minimum
6 nonforfeiture standard for policies issued on or after the
7 operative date of the valuation manual then that minimum
8 nonforfeiture standard supersedes the minimum nonforfeiture
9 standard provided by the valuation manual.

10
11 (k) The nonforfeiture interest rate is defined as
12 follows:

13
14 (i) For policies issued prior to the operative
15 date of the valuation manual, the nonforfeiture interest
16 rate per annum for any policy issued in a particular
17 calendar year is equal to one hundred twenty-five percent
18 (125%) of the calendar year statutory valuation interest
19 rate for such policy as defined in the standard valuation
20 law rounded to the nearer one-fourth percent (1/4%) ;
21 provided the nonforfeiture interest rate shall not be less
22 than four percent (4%);

23

