

ORIGINAL HOUSE  
BILL NO. HB0006

ENROLLED ACT NO. 33, HOUSE OF REPRESENTATIVES

SIXTY-FOURTH LEGISLATURE OF THE STATE OF WYOMING  
2017 GENERAL SESSION

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

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

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

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

(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 W.S. 26-6-202(e), except as provided under subsection (e) or (g) of this section.

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

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

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

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

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

(I) Life, accident and health annual statements;

(II) Health annual statements; or

(III) Fraternal annual statements.

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

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

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

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

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

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

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

(A) Requirements for the format of reports to the commissioner under W.S. 26-6-210(b)(iii), which shall include information necessary to determine if the valuation is appropriate and in compliance with this article;

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

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

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

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

(B) Require reserves that quantify the benefits, guarantees, funding and risks associated with the policies or contracts at a level of conservatism that

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reflects conditions including unfavorable events with a reasonable probability of occurring.

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

(vi) Any other requirement including 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 memoranda, transition rules and internal controls.

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

(f) The commissioner may, at the expense of the insurer, engage, employ or contract a qualified actuary to perform an actuarial examination of the insurer and opine on the appropriateness of any reserve assumption or method used by the insurer, or to review and opine on an insurer's compliance with any requirement set forth in this article. The commissioner may rely upon the opinion of a qualified actuary engaged by the commissioner of another state, district or territory of the United States regarding provisions contained within this article.

(g) The commissioner may require an insurer to change any assumption or method that in the commissioner's opinion is necessary to comply with the requirements of the

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valuation manual or this article. An insurer shall adjust the reserves as required by the commissioner. The commissioner may take other disciplinary action as permitted pursuant to W.S. 26-1-107.

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

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

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

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

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

(A) Assumptions prescribed in the valuation manual;

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

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

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

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

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

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

(ii) Provide to the commissioner and the insurer's board of directors an annual certification of the effectiveness of the internal controls with respect to the principle based valuation. The controls shall be designed to assure all material risks inherent in the liabilities and associated assets subject to the valuation are included in the valuation and valuations are made in accordance with the valuation manual. The certification shall be based on

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the controls in place as of the end of the preceding calendar year;

(iii) Develop, and file with the commissioner upon the commissioner's 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.

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

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

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

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

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

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(ii) Neither the commissioner nor any person who receives confidential information while acting under the authority of the commissioner shall be permitted or required to testify in any private civil action concerning an insurer's confidential information;

(iii) In order to assist in the performance of the commissioner's duties, and provided that a recipient agrees, and has the legal authority to agree to maintain the confidentiality and privileged status of documents, materials, data and other information in the same manner and to the same extent as required for the commissioner, the commissioner may share confidential information with other state, federal and international regulatory agencies or law enforcement officials, with the NAIC and its affiliates and subsidiaries and, in the case of confidential information specified in paragraphs (c)(i) and (iv) of this section 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;

(iv) 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, regulatory or law enforcement officials of other foreign or domestic jurisdictions and the actuarial board for counseling and discipline or its successor. The commissioner shall maintain as confidential or privileged any document, material, data or other information received with notice or the understanding that it is confidential or



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privileged under the laws of the jurisdiction that is the source of the document, material or other information;

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

(vi) 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 section or as a result of sharing as authorized under paragraph (iii) of this subsection;

(vii) A privilege established under the law of any state or jurisdiction that is substantially similar to the privilege established under this subsection shall be available and enforced in any proceeding of this state;

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

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

(i) 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 W.S. 26-6-208 or principle based valuation report developed under W.S. 26-6-210(b)(iii) by reason of an action required by this article or by rule or regulation promulgated in accordance with this article;

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

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

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

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

(ii) Except as otherwise provided in this paragraph, all documents, materials, digital or electronic documents and other information including all working papers, and copies thereof, created, produced or obtained by or disclosed to the commissioner or any other person in the course of an examination made under W.S. 26-6-209(f). If an examination report or other material prepared in connection with an examination made under W.S. 26-2-116 is not held as private and confidential information under W.S. 26-2-116, an examination report or other material prepared in connection with an examination made under W.S.

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26-6-209(f) shall not be confidential information to the same extent as if the examination report or other material had been prepared under W.S. 26-2-116;

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

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

(v) Any experience data submitted by an insurer under W.S. 26-6-211 and any reports, documents, materials, data, digital or electronic documents and other information including all working papers, and copies thereof, created or produced in connection with the experience data that include any potentially insurer identifying or personally identifiable information, that is provided to or obtained by the commissioner. This includes any reports, documents, materials, data, digital or electronic documents and other information including all working papers, and copies thereof, created, produced or obtained by or disclosed to the commissioner or any other person in connection with the experience data or any other report, document, material,

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datum, digital or electronic documents or other information referred to in this paragraph.

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

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

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

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

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

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

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

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

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

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

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

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

(iv) "Insurer" means an entity which:

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

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

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

(vi) "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 article including 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;

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

(viii) Except as provided in W.S. 26-6-208(g), "qualified actuary" means an individual who is qualified to sign the applicable statement of actuarial opinion in accordance with the American Academy of Actuaries qualification standards for actuaries signing the

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statements and who meets the requirements specified in the valuation manual;

(ix) "Tail risk" means a risk that occurs 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;

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

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

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

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

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

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

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

(c) Any insurer which adopts any standard of valuation producing greater aggregate reserves than those calculated according to the minimum standard provided in this article, with the commissioner's approval, may adopt any lower standard of valuation, but not lower than the minimum standard. For the purposes of this section, the holding of additional reserves previously determined by ~~a qualified~~ the appointed actuary to be necessary to render the opinion required by W.S. 26-6-208 shall not be deemed to be the adoption of a higher standard of valuation.

(d) Reserves for any category of policies, contracts or benefits as the commissioner establishes, may at the insurer's option, be calculated according to any standards which produce greater aggregate reserves for the category than those calculated according to the minimum standard provided in this article. However, the rates of interest



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used for policies and contracts other than annuity and pure endowment contracts shall not be ~~higher~~greater than the corresponding rates of interest used in calculating any nonforfeiture benefits provided in the policies and contracts.

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

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

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

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

(iv) The provisions set forth in W.S. 26-6-209 and 26-6-210 shall apply to all policies and contracts issued on or after the operative date of the valuation manual.

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

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

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

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

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percent (4 1/2%) interest for all other such policies issued on or after May 20, 1981, and the following tables:

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

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

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

(i) 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 the future guaranteed benefits provided by those policies, over the then present value of any future modified net policy premiums. The modified net premiums for any such policy shall be a uniform percentage of the contract premiums for the benefits such that the present value, at the date of issue of the policy, of all the modified net premiums shall be equal to the sum of the then present value of the benefits provided by the policy and the excess of (1) over (2) as follows: (1) A net level annual premium equal to the present value, at the date of issue, of the benefits provided after the first policy year, divided by the present value at the date of issue, of an annuity of one (1) per annum payable on each policy anniversary on which a premium falls due. The net level annual premium shall not exceed the net level annual premium on the nineteen (19) year premium whole life plan

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for insurance of the same amount at an age one (1) year higher than the age at issue of the policy; (2) A net one (1) year term premium for benefits provided in the first policy year;

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

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

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

(ii) For ~~all~~-annuities and pure endowments purchased:

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

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

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

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

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

(A) For ~~all~~ life insurance, the lesser of the average over a period of thirty-six (36) months and the average over a period of twelve (12) 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.;

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

The commissioner shall promulgate regulations containing the minimum standards applicable to the valuation of accident and health contracts, including disability plans,

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issued prior to the operative date of the valuation manual. For accident and health insurance 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 W.S. 26-6-202(e).

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

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

(i) Every life insurer doing business in this state shall annually submit the 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 comply with applicable laws of this state. The commissioner by regulation shall define the specifics of this opinion and add any other items deemed to be necessary to its scope;

(ii) Every life insurer, except as exempted by regulation, shall also annually include in the opinion required by paragraph (i) of this subsection, an opinion of the same 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, when considered in light of the assets held by the insurer with respect to the reserves and related actuarial items, including the investment earnings on the assets and the considerations anticipated to be received and retained under the policies and contracts, make adequate provision

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for the insurer's obligations under the policies and contracts including the benefits under and expenses associated with the policies and contracts. The commissioner may provide by regulation for a transition period for establishing any higher reserves which the qualified actuary deems necessary in order to render the opinion required by this section;

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

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

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

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

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

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(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 regulation;

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

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

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

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

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



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

(I) With the written consent of the insurer; or

(II) To the American Academy of Actuaries upon request stating 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.

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

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

(i) Every insurer with outstanding life insurance contracts, accident and health insurance contracts or deposit type 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,

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based on assumptions that satisfy contractual provisions, consistent with prior reported amounts and comply with applicable laws of this state;

(ii) Every insurer with outstanding life insurance contracts, accident and health insurance contracts or deposit type contracts in this state and subject to regulation by the commissioner, except as exempted in the valuation manual, shall also annually include in the opinion required by paragraph (i) of this subsection, 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 insurer with respect to the reserves and related actuarial items including 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 insurer's obligations under the policies and contracts including the benefits under and expenses associated with the policies and contracts;

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

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

(B) If the insurer 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

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provided by the insurer 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 insurer to review the opinion and the basis for the opinion and prepare the supporting memorandum required by the commissioner.

(iv) Every opinion required by this subsection 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 paragraph (ii) of this subsection, plus other actuarial liabilities as may be specified in the valuation manual;

(D) The opinion shall be based on standards adopted by the actuarial standards board or its successor, and on any 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 insurer, the commissioner may accept the opinion filed by that insurer with the insurance supervisory official of another state if the commissioner determines that the opinion reasonably

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meets the requirements applicable to an insurer 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 insurer 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 insurer or the appointed actuary shall be in accordance with W.S. 26-1-107.

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

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

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

(j) All adjusted premiums and present values referred to in this article shall be calculated for all policies of ordinary insurance on the basis of the commissioners' 1980 standard ordinary mortality table or, at the election of the company for any one (1) or more specified life insurance plans, the commissioners' 1980 standard ordinary mortality table with ten-year select mortality factors; for all industrial insurance policies on the basis of the commissioners' 1961 standard industrial mortality table; and for all policies issued in a particular calendar year on the basis of a rate of interest not exceeding the nonforfeiture interest rate as defined in this section for policies issued in that calendar year, except that:

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

(vii) For policies issued on or after the operative date of the valuation manual, the valuation manual shall provide the commissioners' standard mortality table for use in determining the minimum nonforfeiture standard that may be substituted for the commissioners' 1980 standard ordinary mortality table with or without ten-year select mortality factors or for the commissioners' 1980 extended term insurance table. If the commissioner approves by regulation any commissioners' standard ordinary mortality table adopted by the NAIC for use in determining the minimum nonforfeiture standard for policies issued on or after the operative date of the valuation manual then that minimum nonforfeiture standard supersedes the minimum nonforfeiture standard provided by the valuation manual;

~~(vii)~~ (viii) For policies issued prior to the operative date of the valuation manual, any ~~commissioners' standard~~ industrial mortality tables the ~~National Association of Insurance Commissioners~~ NAIC adopts after 1980, that are approved by regulation the commissioner promulgates, for use in determining the minimum nonforfeiture standard, may be substituted for the commissioners' 1961 standard industrial mortality table or

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the commissioners' 1961 industrial extended term insurance table~~i~~;

(ix) For policies issued on or after the operative date of the valuation manual, the valuation manual shall provide the commissioners' standard mortality table for use in determining the minimum nonforfeiture standard that may be substituted for the commissioners' 1961 standard industrial mortality table or the commissioners' 1961 industrial extended term insurance table. If the commissioner approves by regulation any commissioners' standard industrial mortality table adopted by the NAIC for use in determining the minimum nonforfeiture standard for policies issued on or after the operative date of the valuation manual then that minimum nonforfeiture standard supersedes the minimum nonforfeiture standard provided by the valuation manual.

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

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

(ii) For policies issued on or after the operative date of the valuation manual, the nonforfeiture interest rate per annum for any policy issued in a

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particular calendar year shall be provided by the valuation manual.

**Section 3.** W.S. 26-6-202(b) and 26-6-208(a) through (f) are repealed.

**Section 4.** This act is effective immediately upon completion of all acts necessary for a bill to become law as provided by Article 4, Section 8 of the Wyoming Constitution.

(END)

\_\_\_\_\_  
Speaker of the House

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Governor

TIME APPROVED: \_\_\_\_\_

DATE APPROVED: \_\_\_\_\_

I hereby certify that this act originated in the House.

\_\_\_\_\_  
Chief Clerk