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Bulletin 230

NOTICE OF IMPLEMENTATION OF STANDARD VALUATION LAW

This Bulletin is directed to all insurers issuing life insurance policies, as defined by IC 27-1-12.8-10. The purpose of this Bulletin is to provide notice to insurers that the operative date described at IC 27-1-12.8-34(b) will be January 1, 2017.

The goal of the Standard Valuation Law, codified in Indiana at IC 27-1-12.8, is to provide an approach for calculating life insurance policy reserves that better captures the risks of each individual company and the risks of the many complex products offered in today's life insurance market. Per IC 27-1-12.8-34, the operative date of the valuation manual is January 1 of the first calendar year following the first July 1 as of which all of the following have occurred:

(1) The valuation manual has been adopted by the National Association of Insurance Commissioners (NAIC) by an affirmative vote of at least 42 members, or ¾ of the members voting, whichever is greater.
(2) The Standard Valuation Law, or legislation including substantially similar terms and provisions, has been enacted by states representing greater than 75% of the direct premiums written as reported in the following annual statements submitted for 2008:
    (A) Life, accident, and health annual statements.
    (B) Health annual statements.
    (C) Fraternal annual statements.
(3) The Standard Valuation Law, or legislation including substantially similar terms and provisions, has been enacted by at least 42 relevant jurisdictions.

The NAIC adopted a valuation manual on December 2, 2012, thus fulfilling subparagraph (1) above. Further, the Department has determined that at least 42 states representing 75% of the direct premiums written in 2008 in relevant jurisdictions have passed legislation that contains substantially similar terms and provisions to those in the Standard Valuation Law. Therefore, the operative date of the valuation manual is January 1, 2017.

Questions regarding this bulletin should be directed to Chief Financial Examiner Cynthia D. Donovan at cdonovan@idoi.in.gov or 317-232-2408.

INDIANA DEPARTMENT OF INSURANCE

Stephen W. Robertson,
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