

COMMONWEALTH OF VIRGINIA

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July 1, 2016

Administrative Letter 2016 - 07

TO: All Companies Licensed, Approved, Registered or Accredited under Title 38.2 of the Code of Virginia

RE: Implementation of Principle-Based Reserving for Life, Annuity, and Accident and Health Contracts pursuant to Article 10 of Chapter 13 of the Code of Virginia

During the 2014 General Assembly Session, the Virginia General Assembly enacted House Bill 631, which added a new Article 10 to Chapter 13 of Title 38.2 (Standard Valuation Act) of the Code of Virginia. House Bill 631 required insurance companies to use a principle-based reserve basis for life, annuity, and accident and health contracts, and to use a Valuation Manual adopted by the National Association of Insurance Commissioners (NAIC). Pursuant to Virginia Code § 38.2-1379, use of the Valuation Manual will become effective on January 1 of the first calendar year following the first July 1 when certain conditions have been met, including that at least 42 states/U.S. jurisdictions have enacted the revised NAIC Standard Valuation Law model, or substantially similar terms and provisions, and that the NAIC has adopted the Valuation Manual. The Bureau of Insurance has determined that these conditions have been met.

In light of the above, the provisions in Virginia Code §§ 38.2-1379 and 38.2-1380 pertaining to principle-based reserving and use of the Valuation Manual shall become effective for life, annuity, and accident and health contracts issued on or after January 1, 2017.

Questions concerning this administrative letter may be addressed to:

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Sincerely,

Jacqueline K. Cunningham
Commissioner of Insurance