

By: Perez

H.B. No. 3673

A BILL TO BE ENTITLED

AN ACT

relating to an exemption for certain life insurance companies regarding the valuation of reserves.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 425.073(d), Insurance Code, is amended to read as follows:

(d) The valuation manual must specify:

(1) the minimum valuation standards for and definitions of the policies or contracts subject to Section 425.0535, including:

(A) the commissioner's reserve valuation method for life insurance contracts subject to Section 425.0535;

(B) the commissioner's annuity reserve valuation method for annuity contracts subject to Section 425.0535; and

(C) the minimum reserves for all other policies or contracts subject to Section 425.0535;

(2) the policies or contracts that are subject to the requirements of a principle-based valuation under Section 425.074 and the minimum valuation standards consistent with those requirements, including:

(A) the requirements for the format of reports to the commissioner under Section 425.074(b)(3), which must include the information necessary to determine if a valuation is appropriate and in compliance with this subchapter;

1 (B) the assumptions prescribed for risks over
2 which the company does not have significant control or influence;
3 and

4 (C) the procedures for corporate governance and
5 oversight of the actuarial function, and a process for appropriate
6 waiver or modification of the procedures;

7 (3) the policies that are not subject to a
8 principle-based valuation under Section 425.074;

9 (4) the data and form of data required under Section
10 425.075, to whom the data must be submitted, and other desired
11 requirements, including requirements concerning data analyses and
12 reporting of analyses;

13 (5) other requirements, including requirements
14 relating to reserve methods, models for measuring risk, generation
15 of economic scenarios, assumptions, margins, use of company
16 experience, disclosure, certification, reports, actuarial opinions
17 and memorandums, transition rules, and internal controls; and

18 (6) an exemption that allows certain ~~[small]~~ companies
19 to value reserves based on an exception from certain requirements
20 of this section and Section 425.074~~[, however, the premium~~
21 ~~thresholds for determining whether the exemption applies shall be~~
22 ~~as follows:~~

23 ~~[(A) less than \$300 million of ordinary life~~
24 ~~premium; and~~

25 ~~[(B) less than \$600 million of combined ordinary~~
26 ~~life premiums for a group of life insurers if the company is a~~
27 ~~member of that group].~~

1 SECTION 2. Section [425.073\(e\)](#), Insurance Code, is repealed.

2 SECTION 3. This Act takes effect September 1, 2023.