

By: Perez

H.B. No. 3673

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to an exemption for certain life insurance companies  
3 regarding the valuation of reserves.

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

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

7 (d) The valuation manual must specify:

8 (1) the minimum valuation standards for and  
9 definitions of the policies or contracts subject to Section  
10 425.0535, including:

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

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

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

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

21 (A) the requirements for the format of reports to  
22 the commissioner under Section 425.074(b)(3), which must include  
23 the information necessary to determine if a valuation is  
24 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.