88R7377 MEW-F

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;

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

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

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

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

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

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

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

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

SECTION 2.  Section 425.073(e), Insurance Code, is repealed.

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