

1-1 By: Perez (Senate Sponsor - Zaffirini) H.B. No. 3673
 1-2 (In the Senate - Received from the House May 1, 2023;
 1-3 May 1, 2023, read first time and referred to Committee on Business
 1-4 & Commerce; May 12, 2023, reported favorably by the following vote:
 1-5 Yeas 11, Nays 0; May 12, 2023, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			
1-18	X			

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to an exemption for certain life insurance companies
 1-22 regarding the valuation of reserves.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Section 425.073(d), Insurance Code, is amended
 1-25 to read as follows:

1-26 (d) The valuation manual must specify:

1-27 (1) the minimum valuation standards for and
 1-28 definitions of the policies or contracts subject to Section
 1-29 425.0535, including:

1-30 (A) the commissioner's reserve valuation method
 1-31 for life insurance contracts subject to Section 425.0535;

1-32 (B) the commissioner's annuity reserve valuation
 1-33 method for annuity contracts subject to Section 425.0535; and

1-34 (C) the minimum reserves for all other policies
 1-35 or contracts subject to Section 425.0535;

1-36 (2) the policies or contracts that are subject to the
 1-37 requirements of a principle-based valuation under Section 425.074
 1-38 and the minimum valuation standards consistent with those
 1-39 requirements, including:

1-40 (A) the requirements for the format of reports to
 1-41 the commissioner under Section 425.074(b)(3), which must include
 1-42 the information necessary to determine if a valuation is
 1-43 appropriate and in compliance with this subchapter;

1-44 (B) the assumptions prescribed for risks over
 1-45 which the company does not have significant control or influence;
 1-46 and

1-47 (C) the procedures for corporate governance and
 1-48 oversight of the actuarial function, and a process for appropriate
 1-49 waiver or modification of the procedures;

1-50 (3) the policies that are not subject to a
 1-51 principle-based valuation under Section 425.074;

1-52 (4) the data and form of data required under Section
 1-53 425.075, to whom the data must be submitted, and other desired
 1-54 requirements, including requirements concerning data analyses and
 1-55 reporting of analyses;

1-56 (5) other requirements, including requirements
 1-57 relating to reserve methods, models for measuring risk, generation
 1-58 of economic scenarios, assumptions, margins, use of company
 1-59 experience, disclosure, certification, reports, actuarial opinions
 1-60 and memorandums, transition rules, and internal controls; and

1-61 (6) an exemption that allows certain ~~small~~ companies

2-1 to value reserves based on an exception from certain requirements
2-2 of this section and Section 425.074~~[, however, the premium~~
2-3 ~~thresholds for determining whether the exemption applies shall be~~
2-4 ~~as follows:~~

2-5 [~~(A) less than \$300 million of ordinary life~~
2-6 ~~premium; and~~

2-7 [~~(B) less than \$600 million of combined ordinary~~
2-8 ~~life premiums for a group of life insurers if the company is a~~
2-9 ~~member of that group].~~

2-10 SECTION 2. Section 425.073(e), Insurance Code, is repealed.

2-11 SECTION 3. This Act takes effect September 1, 2023.

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