

State of Idaho
DEPARTMENT OF INSURANCE

C.L. "BUTCH" OTTER
Governor

700 West State Street, 3rd Floor
P.O. Box 83720
Boise, Idaho 83720-0043
Phone (208)334-4250
Fax (208)334-4398
Website: <http://www.doi.idaho.gov>

DEAN L. CAMERON
Director

B U L L E T I N N O. 16-06

DATE: September 26, 2016

TO: All Idaho Insurance Companies Writing Life Insurance Contracts, Accident and Health Insurance Contracts, and Deposit-Type Contracts

FROM: Dean L. Cameron
Director

SUBJECT: 2017 Operative Date of the Principle-Based Valuation Manual

The Idaho Standard Valuation Law (SVL), Idaho Code § 41-612, establishes a principle-based methodology applicable, subject to specified exemptions, to life, accident and health, and deposit-type insurance contracts following the "operative date" of the uniform valuation manual, as adopted by the National Association of Insurance Commissioners (NAIC).

To ensure uniform and simultaneous implementation by participating states, the SVL instructs that the evaluation manual will only become operative once a sufficient number of states have adopted substantially similar valuation laws prior to July 1 of the year preceding the operative date. Pursuant to Idaho Code § 41-612(14)(b), the operative date shall be the first day of January of the first calendar year after the first July 1 following the occurrence of all of the following events:

- i. The valuation manual has been adopted by the NAIC by an affirmative vote of at least forty-two (42) members, or three-fourths (3/4) of the members voting, whichever is greater;
- ii. The Standard Valuation Law, as amended by the NIAC in 2009, or legislation including substantially similar terms and provisions, has been enacted by states representing greater than seventy-five percent (75%) of the direct premiums written as reported in the following annual statements submitted for 2008: life, accident and

health annual statements; health annual statements; or fraternal annual statements;

- iii. The Standard Valuation Law, as amended by the NAIC in 2009, or legislation including substantially similar terms and provisions, has been enacted by at least forty-two (42) of the following fifty-five (55) jurisdictions: the fifty (50) states of the United States, American Samoa, the American Virgin Islands, the District of Columbia, Guam and Puerto Rico.

The NAIC adopted the valuation manual on December 2, 2012, with forty-three (43) member jurisdictions voting affirmatively. In 2016, the number of states adopting principle-based valuation laws at the state level reached the requisite supermajority. As of today, forty-five (45) states, including Idaho, enacted laws substantially similar to the model SVL, including language using the same three (3) triggers to define the operative date. These states represent more than seventy-nine percent (79%) of the applicable premium volume. On Friday, June 10, 2016, after conducting an extensive analysis of these states' laws, the state and jurisdictional members of the NAIC voted unanimously to recognize all three (3) triggers defining the operative date have been satisfied.

Accordingly, I hereby determine the operative date of the uniform valuation manual, for purposes of the Idaho Standard Valuation Law, Idaho Code § 41-612, is January 1, 2017.