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DATE: June 27, 2022

TO: All Authorized Insurers

FROM: Dean L. Cameron, Director

SUBJECT: Term and Universal Life Insurance Reserve Financing

This Bulletin clarifies for authorized insurers the reporting of reserve financing transactions, specific to reinsurance involving XXX term life insurance business or AXXX universal life with secondary guarantees business, and the applicability of certain actuarial guidelines as set forth in the NAIC's Accounting Practices and Procedures Manual and Valuation Manual, pursuant to the filing requirements of Idaho Code §§ 41-210(4), 41-335, and 41-336.

Annually, the Idaho Department of Insurance adopts guidance regarding which version of the Accounting Practices and Procedures Manual to use when reporting, in addition to which version of the Valuation Manual to use when calculating reserve amounts per Idaho Code § 41-612, the Standard Valuation Law. IDAPA 18.07.03, The Valuation of Life Insurance Policies Including the Use of Select Mortality Factors, provides rules that aid the Standard Valuation Law.

Effective January 1, 2015, and amended January 1, 2017, the Accounting Practices and Procedures Manual has included in Appendix C, *Actuarial Guideline XLVIII – Actuarial Opinion and Memorandum Requirements for the Reinsurance of Policies Required to be Valued under Sections 6 and 7 of the NAIC Valuation of Life Insurance Policies Model Regulation (Model #830)*, hereinafter referred to as AG48.

IDAPA 18.07.03, sections 012 and 013 are equivalent to sections 6 and 7, respectively, of the NAIC Valuation of Life Insurance Policies Model Regulation (Model #830) and are the policies subject to AG48. Reporting in compliance with AG48 is included in the statutory requirement.

This Bulletin is not new law but is an agency interpretation of existing law, except as authorized by law or as incorporated into a contract. Requests for additional information or other inquiries regarding this Bulletin can be directed to the Company Activities Bureau Chief/Chief Examiner, Eric Fletcher at 208-334-4230 or Eric.Fletcher@doi.idaho.gov.