



PROPOSED RULE MAKING

CR-102 (June 2012)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Office of the Insurance Commissioner

Preproposal Statement of Inquiry was filed as WSR 16-12-080; or
 Expedited Rule Making--Proposed notice was filed as WSR _____; or
 Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1).

Original Notice
 Supplemental Notice to WSR

Continuance of WSR _____

Title of rule and other identifying information: (Describe Subject) Principle Based Reserving (PBR)

Insurance Commissioner Matter No. R 2016-14

Hearing location(s):
Insurance Commissioner's Office
302 Sid Snyder Ave. SW, Suite 200
Olympia, WA 98504

Date: November 22, 2016 Time: 10:00AM

Date of intended adoption: November 23, 2016
(Note: This is **NOT** the **effective** date)

Submit written comments to:
Name: Jim Tompkins
Address: PO Box 40260
Olympia, WA 98504-0260
e-mail rulescoordinator@oic.wa.gov
Fax: 360-586-3109 by (date) November 21, 2016

Assistance for persons with disabilities:
Contact: Lori Villaflores by November 21, 2016
TTY (360) 586-0241 or (360) 725-7087

Purpose of the proposal and its anticipated effects, including any changes in existing rules:
The proposed rules will consider adopting rules to implement Principle Based Reserving and adopting the valuation manual.

Reasons supporting proposal: During the 2016 legislative session, Chapter 142, Laws of 2016 regarding Principle Based Reserving for life insurance companies was enacted. Part of this legislation includes the adoption and use of the valuation manual when certain conditions have been met. When these conditions have been met the effective date of the use of the valuation manual needs to be established.

Statutory authority for adoption: RCW 48.02.060, RCW 48.74.090, and RCW 48.74.100(5).

Statute being implemented: RCW 48.74.100

Is rule necessary because of a:

Federal Law?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Federal Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
State Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

If yes, CITATION:

DATE
October 17, 2016

NAME (type or print)
Mike Kreidler

SIGNATURE

TITLE
Insurance Commissioner

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: October 17, 2016

TIME: 10:53 AM

WSR 16-21-067

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

None

Name of proponent: (person or organization) Mike Kreidler, Insurance Commissioner

- Private
- Public
- Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Jim Tompkins	PO Box 98504-0260 Olympia, WA 98504-0260	(360) 725-7036
Implementation.... Doug Hartz	PO Box 98504-0255 Olympia, WA 98504-0255	(360) 725-7214
Enforcement..... Doug Hartz	PO Box 98504-0255 Olympia, WA 98504-0255	(360) 725-7214

Has a small business economic impact statement been prepared under chapter 19.85 RCW or has a school district fiscal impact statement been prepared under section 1, chapter 210, Laws of 2012?

Yes. Attach copy of small business economic impact statement or school district fiscal impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No. Explain why no statement was prepared.

The domestic insurance issuers that are affected by this rule are not small businesses, pursuant to chapter 19.85 RCW.

Is a cost-benefit analysis required under RCW 34.05.328?

Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

phone

fax

e-mail

No: Please explain: This rule simply announces that the conditions set by the legislature for its enactment have occurred and therefore the Office of the Insurance Commissioner is adopting the Washington state statute without material change. This meets the conditions found under RCW 34.05.328 (5) (b) (iii).

SUBCHAPTER A: ADOPTION OF VALUATION MANUAL

NEW SECTION

WAC 284-74-600 Authority, purpose, and definition. (1) The purpose of this subchapter is to formally adopt the valuation manual adopted by the National Association of Insurance Commissioners as specified in chapter 48.74 RCW.

(2) "Valuation manual" has the meaning set forth in RCW 48.74.015.

NEW SECTION

WAC 284-74-610 Determination of operative date of valuation manual. (1) The insurance commissioner hereby makes the following determination:

(a) The valuation manual was adopted by the National Association of Insurance Commissioners on December 2, 2012, by an affirmative vote of forty-three members, representing over three-fourths of the members voting.

(b) The standard valuation law, as amended by the National Association of Insurance Commissioners in 2009, or legislation including substantially similar terms and conditions, has been enacted by states representing over eighty-five percent of the direct premiums written as reported in the following annual statements submitted in 2008: Life, accident and health annual statements; health annual statements; or fraternal annual statements.

(c) The standard valuation law, as amended by the NAIC in 2009, or legislation including substantially similar terms and conditions, has been enacted by forty-six states.

(2) Therefore, the operative date of the valuation manual for this state is January 1, 2017.