

AN ACT

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IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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To amend the Life Insurance Act of 1934 to require the Commissioner of the Department of Insurance, Securities and Banking to annually value the reserves for life insurance contracts, annuity and pure endowment contracts, accident and health contracts, and deposit-type contracts based on the standard prescribed in the valuation manual, to provide the effective date of the valuation manual, to require the valuation manual to specify minimum valuation standards for, and definitions of, the policies and contracts, to determine which policies or contracts shall be subject to the requirements of the principle-based valuation and provide the requirements for those policies and contracts, to allow the Commissioner to engage a qualified actuary to examine and opine on the reserves of a company, to grant the Commissioner the authority to require a company to adjust their reserves, to require a company to establish reserves using a principle-based valuation that meets the requirements that are specified in the valuation manual, to provide that certain information of a company is privileged and confidential, to allow the Commissioner to share and receive confidential information for enforcement purposes, to provide definitions for new terms, to provide that the policies issued on or after the operative date of the valuation manual shall use the nonforfeiture interest rate that is provided by the valuation manual; and to amend the Life Insurance Actuarial Opinion Reserves Act of 1993 to require a company, in accordance with requirements established by the valuation manual, to submit an opinion by an actuary that the company's reserves and related actuarial items for policies and contracts are computed appropriately.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Principle-Based Reserves Amendment Act of 2018".

Sec. 2. The Life Insurance Act of 1934, approved June 19, 1934 (48 Stat. 1129; D.C. Official Code § 31-4701 *et seq.*), is amended as follows:

(a) Section 1 (D.C. Official Code § 31-4701) is amended as follows:

(1) Subsection (a) is amended as follows:

(A) Paragraph (1) is amended as follows.

(i) The existing language is designated as subparagraph (A).

(ii) The newly designated subparagraph (A) is amended as follows:

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(I) Strike the phrase “the District, except” and insert the phrase “the District issued prior to the operative date of the valuation model, except” in its place.

(II) Strike the phrase “transactions in the United States, and may certify the amount of any such reserves, specifying the mortality table or tables, rate or rates of interest and methods (net level premium method or other) used in the calculation of such reserves.” and insert the phrase “transactions in the United States.” in its place.

(III) Strike the phrase “herein provided and if the official of such state or jurisdiction accepts as sufficient and valid for all legal purposes the certificate of valuation of the Commission when such certificate states the valuation to have been made in a specified manner according to which the aggregate reserves would be at least as large as if they had been computed in the manner prescribed by the law of that state or jurisdiction.” and insert the phrase “provided in this section.” in its place.

(iii) New subparagraphs (B) and (C) are added to read as follows:

“(B) The provisions set forth in subsections (c), (d), (e), and (f) of this section and section 20 shall apply to all policies and contracts, as appropriate, subject to this section, issued on or after the operative date of section 5b and before the operative date of the valuation model. The provisions set forth in subsections (g) and (h) of this section shall not apply to any such policies and contracts.

“(C) The minimum standard for the valuation of policies and contracts issued before the operative date of section 5b shall be provided in subsection (b) of this section.”.

(iv) A new paragraph (1A) is added to read as follows:

“(1A)(A) The Commissioner shall annually value, or cause to be valued, the reserve liabilities (“reserves”) for all outstanding life insurance contracts, annuity and pure endowment contracts, accident and health contracts, and deposit-type contracts of every company issued on or after the operative date of the valuation manual.

“(B) The provisions set forth in subsections (f), (g), and (h) of this section shall apply to all policies and contracts issued on or after the operative date of the valuation manual.”.

(2) Subsection (c) is amended as follows:

(A) Paragraph (2) is amended as follows:

(i) The lead in language is amended as follows:

(I) Strike the phrase “subsection (d) of this section” and insert the phrase “subsections (d) and (f) of this section” in its place.

(II) Strike the phrase “the Mayor’s reserve” and insert the phrase “the Commissioner’s reserve” in its place.

(ii) Subparagraph (A) is amended by striking the phrase “For all ordinary policies” and inserting the phrase “For ordinary policies” in its place.

(iii) Subparagraph (B) is amended by striking the phrase “For all industrial life insurance policies” and inserting the phrase “For industrial life insurance policies” in its place.

(B) Paragraph (3)(A) is amended as follows:

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(i) The lead in language is amended as follows:

(I) Strike the phrase “standard for the valuation of all individual” and insert the phrase “standard of valuation for individual” in its place.

(II) Strike the phrase “and for all annuities and” and insert the phrase “and for annuities and” in its place.

(III) Strike the phrase “the Mayor’s reserve” and insert the phrase “the Commissioner’s reserve” in its place.

(ii) Sub-subparagraph (iii) is amended by striking the phrase “For all annuities and” and inserting the phrase “For annuities and” in its place.

(C) Paragraph (5)(B) is amended by striking the phrase “the Mayor’s annuity” and inserting the phrase “the Commissioner’s annuity” in its place.

(D) Paragraph (7) is amended by striking the phrase “be higher than the corresponding rate or rates of interest used in calculating any nonforfeiture benefits provided for therein.” and inserting the phrase “be greater than the corresponding rate or rates of interest used in calculating any nonforfeiture benefits provided in the policies or contracts.” in its place.

(3) Subsection (d)(1)(B) is amended by striking the phrase “All annuities and pure” and inserting the phrase “Annuities and pure” in its place.

(4) New subsections (f), (g), (h), (i), (j), (k), and (l) are added to read as follows:

“(f) For disability and accident and sickness health insurance policies and contracts as provided under section 12 and accident and long-time care health insurance policies and contracts as provided under the Long-Term Care Insurance Act of 1999, effective May 23, 2000 (D.C. Law 13-121; D.C. Official Code § 31-3601 *et seq.*), issued on or after the operative date of section 5b and before the operative date of the valuation manual, the minimum standard of valuation is the standard adopted by the Commissioner by regulation. For accident and health insurance policies and contracts issued on or after the operative date of the valuation manual, the standard prescribed in the valuation manual is the minimum standard of valuation required under subsection (a)(1A) of this section.

“(g)(1) For policies issued on or after the operative date of the valuation manual, the standard prescribed in the valuation manual is the minimum standard of valuation required under subsection (a)(1A) of this section, except as provided under paragraphs (5) or (7) of this subsection.

“(2) The operative date of the valuation manual is the date the Principle-Based Reserves Amendment Act of 2018, passed on 2nd reading on December 18, 2018 (Enrolled version of Bill 22-276), becomes effective.

“(3) The valuation manual shall specify the following:

“(A) The minimum valuation standards for and definitions of the policies or contracts subject to subsection (a)(1A) of this section. Such minimum valuation standards shall be:

“(i) The Commissioner’s reserve valuation method for life insurance contracts, other than annuity contracts, subsection to (a)(1A) of this section;

“(ii) The Commissioner’s annuity reserve valuation method for annuity contracts subject to subsection (a)(1A) of this section; and

“(iii) The Minimum reserves for all other policies or contracts subject to subsection (a)(1A) of this section;

“(B) Which policies or contracts or types of policies or contracts that are subject to the requirements of a principle-based valuation in subsection (h)(1) of this section and the minimum valuation standards consistent with those requirements;

“(C) For policies and contracts subject to a principle-based valuation under subsection (h) of this section:

“(i) The requirements for the format of reports to the Commissioner under subsection (h)(2)(C) of this section and which shall include information necessary to determine if the valuation is appropriate and in compliance with this section;

“(ii) The assumptions shall be prescribed for risks over which the company does not have significant control or influence; and

“(iii) The procedures for corporate governance and oversight of the actuarial function, and a process for appropriate waiver or medication of such procedures;

“(D) For policies not subject to a principle-based valuation under subsection (h) of this section, that the minimum valuation standard shall:

(i) Be consistent with the minimum standard of valuation prior to the operative date of the valuation manual; or

“(ii) Require the development of reserves that quantify the benefits and guarantees, and the funding, associated with the contracts and their risk at a level of conservatism that reflects conditions that include unfavorable events that have a reasonable probability of occurring;

“(E) Other requirements, including, those relating to reserve methods, models for measuring risk, generation of economic scenarios, assumptions, margins, use of company experience, risk measurement, disclosure, certifications, reports, actuarial opinions and memorandums, transition rules, and internal controls; and

“(F) The data and form of the data, required under subsection (i) of this section, to whom the data must be submitted, and may specify other requirements, including data analyses and reporting of analyses.

“(4) In the absence of a specific valuation requirement or if a specific valuation requirement in the valuation manual is not, in the opinion of the Commissioner, in compliance with this section, then the company shall, with respect to such requirements, comply with minimum valuation standards prescribed by the Commissioner by regulation.

“(5)(A) The Commissioner may engage a qualified actuary, at the expense of the company, to perform an actuarial examination of the company and opine on the appropriateness of any reserve assumption or method used by the company, or to review and opine on a company’s compliance with any requirement set forth in this section or section 9. The Commissioner may rely upon the opinion, regarding provisions contained within this section or

section 9 of a qualified actuary engaged by the Commissioner of another state, district, or territory of the United States.

“(B) For the purposes of this paragraph, the term “engage” means to employ or contract.

“(6) The Commissioner may require a company to change any assumption or method that in the opinion of the Commissioner is necessary to comply with the requirements of the valuation manual or this section. The company shall adjust the reserves as required by the Commissioner.

“(h)(1) A company shall establish reserves using a principle-based valuation that meets the following conditions for policies or contracts as specified in the valuation manual:

“(A) Quantifies the benefits and guarantees, and the funding, associated with the policies and contracts and their risks at a level of conservatism that reflects conditions that include unfavorable events that have a reasonable probability of occurring during the lifetime of the policies and contracts, and for policies and contracts with significant tail risk, reflects conditions appropriately adverse to quantify the tail risk;

“(B) Incorporates assumptions, risk analysis methods, and financial models and management techniques that are consistent with, but not necessarily identical to, those utilized within the company’s overall risk assessment process, while recognizing potential differences in financial reporting structures and any prescribed assumptions or methods;

“(C) Incorporates assumptions that are derived in one of the following manners:

“(i) The assumption is prescribed in the valuation manual; or

“(ii) For assumptions that are not prescribed, the assumptions shall:

“(I) Be established utilizing the company’s available experience, to the extent it is relevant and statistically credible; or

“(II) To the extent that company data is not available, relevant, or statistically credible, be established utilizing other relevant, statistically credible experience; and

“(D) Provides margins for uncertainty, including adverse deviation and estimation error, such that the greater the uncertainty the larger the margin and resulting reserve.

“(2) A company using a principle-based valuation for one or more policies or contracts subject to this subsection as specified in the valuation manual shall:

“(A) Establish procedures for corporate governance and oversight of the actuarial valuation function consistent with those described in the valuation manual;

“(B) Provide to the Commissioner and the Board of Directors an annual certification of the effectiveness of the internal controls with respect to the principle-based valuation where the controls are designed to assure that all material risks inherent in the liabilities and associated assets subject to such valuation are included in the valuation, and that valuations are made in accordance with the valuation manual, and which certification shall be based on the controls in place as of the end of the preceding calendar year; and

“(C) Develop, and file with the Commissioner upon request, a principle-based valuation report that complies with standards prescribed in the valuation manual.

“(3) A principle-based valuation may include a prescribed formulaic reserve component.

“(i) A company shall submit mortality, morbidity, policyholder behavior, or expense experience and other data as prescribed in the valuation model.

“(j)(1) For the purposes of this subsection, the term “confidential information” shall mean:

“(A) A memorandum in support of an opinion submitted pursuant to section 2 of the Life Insurance Actuarial Opinion of Reserves Act of 1993, effective October 21, 1993 (D.C. Law 10-50; D.C. Official Code § 31-4901) (“Opinion of Reserves Act”), and any other documents, materials, and other information, including all working papers, and copies thereof, created, produced, or obtained by or disclosed to the Commissioner or any other person in connection with such memorandum;

“(B) All documents, materials, and other information, including all working papers, and copies thereof, created, produced, or obtained by or disclosed to the Commissioner or any other person in the course of an examination made under subsection (g)(5) of this section; provided, that if an examination report or other material prepared in connection with an examination made pursuant to the Law on Examinations Act of 1993, effective October 21, 1993 (D.C. Law 10-49; D.C. Official Code 31-1401 *et seq.*) (“Examinations Act”) is not held as private and confidential information, the examination report or other materials prepared in connection with an examination made under subsection (g)(5) of this section shall not be confidential information to the same extent as such examination report that had been prepared pursuant to the Examinations Act.

“(C) Any reports, documents, materials, and other information developed by a company in support of, or in connection with, an annual certification by the company pursuant to subsection (h)(2)(B) of this section that evaluates the effectiveness of the company’s internal controls with respect to a principle-based valuation and any other documents, materials, and other information, including all working papers, and copies thereof, created, produced, or obtained by or disclosed to the Commissioner or any other person in connection with such reports, documents, materials, and other information;

“(D) Any principle-based valuation report developed under section (h)(2)(C) of this section and any other documents, materials, and other information, including all working papers, and copies thereof, created, produced, or obtained by or disclosed to the Commissioner or any other person in connection with such report; and

“(E) Any documents, materials, data, and other information submitted by a company under subsection (i) of this section and any other documents, materials, data, and other information, including all working papers, and copies thereof, created or produced in connection with such experience data, which in each case includes any potentially company-identifying or personally identifiable information, that is provided to, or obtained by, the Commissioner and any other documents, materials, data, and other information, including all working papers, and

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copies thereof, created, produced, or obtained by or disclosed to the Commissioner or any other person in connection with such experience materials.

“(2) Confidential information specified in paragraphs (1)(A) and (D) of this subsection:

“(A) May be subject to subpoena for the purpose of defending an action seeking damages from the appointed actuary submitting the related memorandum in support of an opinion submitted pursuant to section 2 of the Opinion of Reserves Act or principle-based valuation report developed under subsection (h)(2)(C) of this section by reason of an action required by this section or by regulations issued pursuant to this section;

“(B) May be released by the Commissioner with written consent of the company; and

“(C) Shall no longer be confidential once any portion of a memorandum of support of an opinion submitted pursuant to the Opinion of Reserves Act or a principle-based valuation report developed under subsection (h)(2)(C) of this section is cited by the company in its marketing or is publicly volunteered to or before a governmental agency, other than the insurance department of a state or jurisdiction, or is released by the company to the news media.

“(3)(A) Except as provided in this subsection, a company’s confidential information is confidential by law and privileged and shall not be subject to the Freedom of Information Act of 1976, effective March 29, 1977 (D.C. Law 1-96; D.C. Official Code § 2-531 *et seq.*), shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action. The Commissioner is authorized to use the confidential information in the furtherance of any regulatory or legal action brought against the company as part of the Commissioner’s official duties.

“(B) Neither the Commissioner nor any other person who received confidential information while acting under the authority of the Commissioner in performing the duties as required by this act shall be permitted or required to testify in any private civil action concerning any confidential information.

“(C)(i) To assist in the performance of the Commissioner’s duties, the Commissioner may share and receive confidential information from:

“(I) Other state, federal, and international regulatory agencies; and

“(II) The National Association of Insurance Commissioners and its affiliates and subsidiaries.

“(ii) The Commissioner may share and receive confidential information specified in paragraphs (1)(A) and (D) of this subsection from the Actuarial Board for Counseling and Discipline or its successor upon a request stating that the confidential information is required for the purpose of professional disciplinary proceedings with state, federal, or international law enforcement officials.

“(iii) Any recipient of confidential information shall maintain the confidentiality and privileged status of such documents, materials, data, or other information in

the same manner and to the same extent as required for the Commissioner of the jurisdiction that is the source of the documents, materials, data, or other information.

“(D) The Commissioner may enter into agreements governing sharing and use of information pursuant to this paragraph.

“(E) No waiver of any applicable privilege or claim of confidentiality in the confidential information shall occur as a result of disclosure to the Commissioner under this subsection.

“(F) A privilege established under the law of any state or jurisdiction that is substantially similar to the privilege established under this paragraph shall be available and enforced in any proceeding in, and in any court of, the District of Columbia.

“(k)(1) The Commissioner may exempt specific product forms or product lines of a domestic company that is licensed and doing business only in the District of Columbia from the requirements provided under subsection (g) of this section if:

“(A) The Commissioner has issued an exemption in writing to the company and has not subsequently revoked the exemption in writing; and

“(B) The company computes reserves using assumptions and methods used before the operative date of the valuation manual in addition to any requirements established by the Commissioner and promulgated by regulation.

“(2) Subsections (c), (d), (e), and (f) of this section and section 20, and the Opinion of Reserves Act shall remain applicable to a company that is granted an exemption under this subsection. With respect to a company applying for an exemption under this subsection, any reference to subsection (g) found in subsections (c), (d), (e), and (f) of this section and section 20, and the Opinion of Reserves Act shall not be applicable.

“(l) For the purposes of this section, the term:

“(1) “Accident and health insurance” means contracts that incorporate morbidity risk and provide protection against economic loss resulting from accident, sickness, or medical conditions and as may be specified in the valuation manual.

“(2) “Appointed actuary” means a qualified actuary who is appointed in accordance with the valuation manual to prepare the actuarial opinion required under section 2(c) and (d) of the Opinion of Reserves Act.

“(3) “Company” means an entity that:

“(A) Has written, issued, or reinsured life insurance contracts, accident and health insurance contracts, or deposit-type contracts in the District and has at least one such policy in force or on claim; or

“(B) Has written, issued, or reinsured life insurance contracts, accident and health insurance contracts, or deposit-type contracts in any state or jurisdiction and is required to hold a certificate of authority to write life insurance, accident and health insurance, or deposit-type contracts in the District.

“(4) “Deposit-type contract” means contracts that do not incorporate mortality risk, including annuity and pure endowment contracts, and as may be specified in the valuation manual.



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“(5) “Life insurance” means contracts that incorporate mortality risk, including annuity and pure endowment contracts, and as may be specified in the valuation manual.

“(6) “Policyholder behavior” means any action a policyholder, contract holder, or any other person with the right to elect options, such as a certificate holder, may take under a policy or contract subject to this section including lapse, withdrawal, transfer, deposit, premium payment, loan, annuitization, or benefit elections prescribed by the policy or contract but excluding events of mortality or morbidity that result in benefits prescribed in their essential aspects by the terms of the policy or contract.

“(7) “Principle-based valuation” means a reserve valuation that uses one or more methods or one or more assumptions determined by the insurer and is required to comply with subsection (h) of this section as specified in the valuation manual.

“(8) “Qualified actuary” means an individual who is qualified to sign the applicable statement of actuarial opinion in accordance with the American Academy of Actuaries qualification standards for actuaries signing such statements and who meets the requirement specified in the valuation manual.

“(9) “Tail risk” means a risk that occurs either where the frequency of low probability events is higher than expected under a normal probability distribution or where there are observed events of very significant size or magnitude.

“(10) “Valuation manual” means the manual of valuation instructions adopted by the National Association of Insurance Commissioner as specified in this section or as amended.”.

(b) Section 5b (D.C. Official Code § 31-4705.02) is amended as follows:

(1) Subsection (e) is amended as follows:

(A) Paragraph (16)(G) and (H) is amended to read as follows:

“(G)(i) For policies issued before the operative date of the valuation manual, any Commissioners Standard Ordinary Mortality Tables adopted after 1980 by the National Association of Insurance Commissioners and by the Commissioner determining the minimum nonforfeiture standard may be substituted for the Commissioners 1980 Standard Ordinary Mortality Table with or without Ten-Year Select Mortality Factors or for the Commissioners 1980 Extended Term Insurance Table.

“(ii) For policies issued on or after the operative date of the valuation manual, the valuation manual shall provide the Commissioners Standard mortality table for use in determining the minimum nonforfeiture standard that may be substituted for the Commissioners 1980 Standard Ordinary Mortality Table with or without Ten-Year Select Mortality Factors or for the Commissioners 1980 Extended Term Insurance Table. If the Commissioner approves by regulation any Commissioners Standard Ordinary Mortality Table adopted by the National Association of Insurance Commissioners for use in determining the minimum nonforfeiture standard for policies issued on or after the operative date of the valuation manual, then that minimum nonforfeiture standard shall supersede the minimum nonforfeiture standard provided by the valuation manual.

“(H)(i) For policies issued before the operative date of the valuation manual, any Commissioners Standard Industrial Mortality Tables adopted after 1980 by the

National Association of Insurance Commissioners and approved by the Commissioner for determining the minimum nonforfeiture standard may be substituted for the Commissioners 1961 Standard Industrial Mortality Table or the Commissioners 1961 Industrial Extended Term Insurance Table.

“(ii) For policies issued on or after the operative date of the valuation manual, the valuation manual shall provide the Commissioners Standard Mortality Table for use in determining the minimum nonforfeiture standard that may be substituted for the Commissioners 1961 Standard Industrial Mortality Table or the Commissioners 1961 Industrial Extended Term Insurance Table. If the Commissioner approves by regulation any Commissioners Standard Industrial Mortality Table adopted by the National Association of Insurance Commissioners for use in determining the minimum nonforfeiture standard for policies or contracts issued on or after the operative date of the valuation manual, then that minimum nonforfeiture standard shall supersede the minimum nonforfeiture standard provided by the valuation manual.”

(B) Paragraph (17) is amended to read as follows:

“(17)(A) The nonforfeiture interest rate for policies issued before the operative date of the valuation manual in a particular calendar year shall be equal to 125% of the calendar year statutory valuation interest rate for the policy, as described in section 1, rounded to the nearest 1/4%; provided, that the nonforfeiture interest rate shall not be less than 4.00%.

“(B) For policies issued on or after the operative date of the valuation manual, the nonforfeiture interest rate per annum for any policy issued in a particular calendar year shall be provided by the valuation manual.”

(2) A new subsection (k) is added to read as follows:

“(k) For the purposes of this section, the term “operative date of the valuation manual” means the valuation as described in section 1.”

(c) Section 20 (D.C. Official Code § 31-4720) is amended by striking the phrase “contract is less” and inserting the phrase “contract subject to section 1(a)(1) is less” in its place.

Sec. 3. Section 2 of the Life Insurance Actuarial Opinion of Reserves Act of 1993, effective October 21, 1993 (D.C. Law 10-50; D.C. Official Code § 31-4901), is amended as follows:

(a) Subsection (a) is amended by striking the phrase “requirements and guidelines.” and inserting the phrase “requirements and guidelines before operative date of the valuation manual.” in its place.

(b) Subsection (b) is amended by striking the phrase “assets supporting reserves.” and inserting the phrase “assets supporting reserves before the operative date of the valuation manual.” in its place.

(c) New subsections (c), (d), and (e) are added to read as follows:

“(c) General requirements and guidelines.---

“(1)(A) Every company with outstanding life insurance contracts, accident and health insurance contracts, or deposit-type contracts in the District of Columbia and subject to

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regulation by the Mayor shall annually submit the opinion of the appointed actuary as to whether the reserves and related actuarial items held in support of the policies and contracts are:

“(i) Computed appropriately;

“(ii) Based on assumptions that satisfy contractual provisions;

“(iii) Consistent with prior reported amounts; and

“(iv) Comply with applicable laws of the District of Columbia.

“(B) The valuation manual will prescribe the specifics of this opinion, including any items deemed to be necessary to its scope.

“(2) The opinion shall be submitted with the annual statement reflecting the valuation of such reserve liabilities for each year ending on or after the operative date of the valuation manual.

“(3) The opinion shall apply to all policies and contracts subject to subsection (d) of this section, plus other actuarial liabilities as may be specified in the valuation manual.

“(4) The opinion shall be based on standards adopted from time to time by the Actuarial Standards Board, or its successor, and on such additional standards as may be prescribed in the valuation manual.

“(5) In the case of an opinion required to be submitted by a foreign or alien company, the Mayor may accept the opinion filed by that company with the insurance supervisory official of another state or jurisdiction if the Mayor determines that the opinion reasonably meets the requirements applicable to a company domiciled in the District of Columbia.

“(6) Except in cases of fraud or willful misconduct, the appointed actuary shall not be liable for damages to any person (other than the insurance company and the Mayor) for any act, error, omission, decision, or conduct with respect to the appointed actuary’s opinion.

“(7) A memorandum, in form and substance as specified in the valuation manual and acceptable to the Mayor, shall be prepared to support each actuarial opinion.

“(8) If the insurance company fails to provide a supporting memorandum at the request of the Mayor within a period specified in the valuation manual or the Mayor determines that the supporting memorandum provided by the insurance company fails to meet the standards prescribed by the valuation manual or is otherwise unacceptable to the Mayor, the Mayor may engage a qualified actuary at the expense of the company to review the opinion and the basis for the opinion and prepare the supporting memorandum required by the Mayor.

“(d) Actuarial analysis of reserves and assets supporting reserves.---

“Every company with outstanding life insurance contracts, accident and health insurance contracts, or deposit-type contracts in the District of Columbia and subject to regulation by the Mayor, except as exempted in the valuation manual, shall annually include in the opinion required by subsection (c)(1) of this section, an opinion of the same appointed actuary as to whether the reserves and related actuarial items held in support of the policies and contracts specified in the valuation manual, when considered in light of the assets held by the company with respect to the reserves and related actuarial items, including the investment earnings on the assets and the considerations anticipated to be received and retained under the policies and

contracts, make adequate provision for the company's obligation under the policies and contracts, including the benefits under and expenses associated with the policies and contracts.

“(e) Definitions.---

“For the purposes of this section, the term:

“(1) “Accident and health insurance” means contracts that incorporate morbidity risk and provide protection against economic loss resulting from accident, sickness, or medical conditions and as may be specified in the valuation manual.

“(2) “Appointed actuary” means a qualified actuary who is appointed in accordance with the valuation manual to prepare the actuarial opinion required under subsections (c) and (d) of this section.

“(3) “Company” means an entity that:

“(A) Has written, issued, or reinsured life insurance contracts, accident and health insurance contracts, or deposit-type contracts in the District and has at least one such policy in force or on claim; or

“(B) Has written, issued, or reinsured life insurance contracts, accident and health insurance contracts, or deposit-type contracts in any state or jurisdiction and is required to hold a certificate of authority to write life insurance, accident and health insurance, or deposit-type contracts in the District.

“(4) “Deposit-type contract” means contracts that do not incorporate mortality risk, including annuity and pure endowment contracts, and as may be specified in the valuation manual.

“(5) “Life insurance” means contracts that incorporate mortality risk, including annuity and pure endowment contracts, and as may be specified in the valuation manual.

“(6) “Qualified actuary” means an individual who is qualified to sign the applicable statement of actuarial opinion in accordance with the American Academy of Actuaries qualification standards for actuaries signing such statements and who meets the requirement specified in the valuation manual.

“(7) “Valuation manual” means the manual of valuation instructions adopted by the National Association of Insurance Commissioner as specified in section 1 of the Life Insurance Act of 1934, approved June 19, 1934 (48 Stat. 1129; D.C. Official Code § 31-4701).”.

#### Sec. 4. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 4a of the General Legislative Procedures Act of 1975, approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

#### Sec. 5. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December

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24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

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Chairman  
Council of the District of Columbia

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Mayor  
District of Columbia