



**WEST VIRGINIA
SECRETARY OF STATE**

NATALIE E. TENNANT

ADMINISTRATIVE LAW DIVISION

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OFFICE OF
WEST VIRGINIA SECRETARY OF STATE

**FORM 1 -- NOTICE OF A PUBLIC HEARING OR COMMENT PERIOD ON A PROPOSED RULE
(Page 1)**

AGENCY **Insurance Commission**
RULE TYPE **Legislative** AMENDMENT TO EXISTING RULE No TITLE-SERIES **114-98**
RULE NAME **Adoption of Valuation Manual**

CITE AUTHORITY **W.Va. Code §§33-7-9(n) and 33-2-10**

COMMENTS LIMITED TO
Written

DATE OF PUBLIC HEARING

LOCATION OF PUBLIC HEARING

DATE WRITTEN COMMENT PERIOD ENDS
Monday, August 15, 2016 5:00 PM

WRITTEN COMMENTS MAY BE MAILED TO
**Andrew Pauley, CPCU, General Counsel
P.O. Box 50540, Charleston, WV 25305
Andrew.R.Pauley@wv.gov**

BY CHOOSING 'YES', I ATTEST THAT THE PREVIOUS STATEMENTS ARE TRUE AND CORRECT.

Yes
Douglas P Buffington -- By my signature, I certify that I am the person authorized to file legislative rules, in accordance with West Virginia Code §29A-3-11 and §39A-3-2.



Title-Series: 114-98



Rule Id: 10224



Document: 27718



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**FORM 1 -- NOTICE OF A PUBLIC HEARING OR COMMENT PERIOD ON A PROPOSED RULE
(Page 2)**

AGENCY	Insurance Commission		
RULE TYPE	Legislative	AMENDMENT TO EXISTING RULE	No TITLE-SERIES 114-98
RULE NAME	Adoption of Valuation Manual		

CITE AUTHORITY W.Va. Code §§33-7-9(n) and 33-2-10

PROVIDE A BRIEF SUMMARY OF YOUR PROPOSAL

This rule is being promulgated pursuant to W. Va. Code §33-7-9(n). The West Virginia Standard Valuation Law establishes a principle-based valuation methodology that is applicable, subject to specified exceptions to life, health and annuity business written after the operative date of the uniform valuation manual adopted by the National Association of Insurance Commissioners (NAIC). To enable uniform and simultaneous implementation by participating states, the Standard Valuation Law provides that the valuation manual will only become operative when a sufficient number of states have adopted substantially similar laws before July 1 of the preceding year. The valuation manual was adopted by the NAIC on December 2, 2012. This year, the number of states adopting principle-based valuation at the state level reached the specified supermajority. As of June 10, 2016, forty-five states have enacted laws substantially similar to the model Standard Valuation Law. By promulgating this rule, West Virginia will provide clear guidance to both the insurance industry and to other states that West Virginia intends to begin reserving in accordance with principle based reserving effective January 1, 2017, and will provide assurances of uniformity of reserving in these jurisdictions.

BY CHOOSING 'YES', I ATTEST THAT THE PREVIOUS STATEMENTS ARE TRUE AND CORRECT.

Yes

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FORM 11 -- FISCAL NOTE FOR PROPOSED RULES (Page 1)

AGENCY	Insurance Commission		
RULE TYPE	Legislative	AMENDMENT TO EXISTING RULE	No TITLE-SERIES
RULE NAME	Adoption of Valuation Manual		114-98

CITE AUTHORITY W.Va. Code §§33-7-9(n) and 33-2-10

PRIMARY CONTACT

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900 Pennsylvania Ave
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SECONDARY CONTACT

Victor Mullins, Associate Counsel
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P.O. Box 50540
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FORM 11 -- FISCAL NOTE FOR PROPOSED RULES (Page 1)

AGENCY **Insurance Commission**

RULE TYPE **Legislative** AMENDMENT TO EXISTING RULE **No** TITLE-SERIES **114-**

RULE NAME **Adoption of Valuation Manual** **98**

CITE AUTHORITY **W.Va. Code §§33-7-9(n) and 33-2-10**

SUMMARIZE IN A CLEAR AND CONCISE MANNER WHAT IMPACT THIS MEASURE WILL HAVE ON COSTS AND REVENUES OF STATE GOVERNMENT.

No fiscal impact on the state is expected.

Douglas P Buffington -- By my signature, I certify that I am the person authorized to file legislative rules, in accordance with West Virginia Code §29A-3-11 and §39A-3-2.



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FORM 11 -- FISCAL NOTE FOR PROPOSED RULES (Page 2)

AGENCY Insurance Commission
RULE TYPE Legislative AMENDMENT TO EXISTING RULE No TITLE-SERIES 114-98
RULE NAME Adoption of Valuation Manual

CITE AUTHORITY W.Va. Code §§33-7-9(n) and 33-2-10

FISCAL NOTE DETAIL -- SHOW OVER-ALL EFFECT IN ITEM 1 AND 2 AND, IN ITEM 3, GIVE AN EXPLANATION OF BREAKDOWN BY FISCAL YEAR, INCLUDING LONG-RANGE EFFECT.

Effect Of Proposal	Current Increase/Decrease (use ' - ')	Next Increase/Decrease (use ' - ')	Fiscal Year (Upon Full Implementation)
ESTIMATED TOTAL COST	0	0	0
PERSONAL SERVICES	0	0	0
CURRENT EXPENSES	0	0	0
REPAIRS AND ALTERATIONS	0	0	0
ASSETS	0	0	0
OTHER	0	0	0
ESTIMATED TOTAL REVENUES	0	0	0

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FORM 11 -- FISCAL NOTE FOR PROPOSED RULES (Page 3)

AGENCY **Insurance Commission**

RULE TYPE **Legislative** AMENDMENT TO EXISTING RULE No TITLE-SERIES **114-**

RULE NAME **Adoption of Valuation Manual** **98**

CITE AUTHORITY **W.Va. Code §§33-7-9(n) and 33-2-10**

3. EXPLANATION OF ABOVE ESTIMATES (INCLUDING LONG-RANGE EFFECT). PLEASE INCLUDE ANY INCREASE OR DECREASE IN FEES IN YOUR ESTIMATED TOTAL REVENUES.

None.

Douglas P Buffington -- By my signature, I certify that I am the person authorized to file legislative rules, in accordance with West Virginia Code §29A-3-11 and §39A-3-2.



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FORM 11 -- FISCAL NOTE FOR PROPOSED RULES (Page 4)

AGENCY	Insurance Commission		
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RULE NAME	Adoption of Valuation Manual		98

CITE AUTHORITY W.Va. Code §§33-7-9(n) and 33-2-10

PLEASE IDENTIFY ANY AREAS OF VAGUENESS, TECHNICAL DEFECTS, REASONS THE PROPOSED RULE WOULD NOT HAVE A FISCAL IMPACT, AND OR ANY SPECIAL ISSUES NOT CAPTURED ELSEWHERE ON THIS FORM.

This rule requires insurers to use a valuation manual adopted by the National Association of Insurance Commissioners and therefore has no fiscal impact upon the state.

BY CHOOSING 'YES', I ATTEST THAT THE PREVIOUS STATEMENTS ARE TRUE AND CORRECT.

Douglas P Buffington -- By my signature, I certify that I am the person authorized to file legislative rules, in accordance with West Virginia Code §29A-3-11 and §39A-3-2.



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FORM 12 -- BRIEF SUMMARY AND STATEMENT OF CIRCUMSTANCES (Page 1)

AGENCY	Insurance Commission		
RULE TYPE	Legislative	AMENDMENT TO EXISTING RULE	No TITLE-SERIES 114-98
RULE NAME	Adoption of Valuation Manual		

CITE AUTHORITY W.Va. Code §§33-7-9(n) and 33-2-10

SUMMARIZE IN A CLEAR AND CONCISE MANNER CONTENTS OF CHANGES IN RULE AND STATEMENT OF CIRCUMSTANCES REQUIRING THE RULE.

The West Virginia Standard Valuation Law establishes a principle-based valuation methodology that is applicable, subject to specified exceptions to life, health and annuity business written after the operative date of the uniform valuation manual adopted by the National Association of Insurance Commissioners (NAIC). To enable uniform and simultaneous implementation by participating states, the Standard Valuation Law provides that the valuation manual will only become operative when a sufficient number of states have adopted substantially similar laws before July 1 of the preceding year.

- Specifically, the operative date is established as the first day of January of the first calendar year beginning at least 6 months after all of the following events have occurred:
1. The valuation manual has been adopted by the NAIC by and affirmative vote of at least 42 members or of the members voting, whichever is greater;
 2. The NAICs model standard valuation law, as amended by the NAIC in 2009, or legislative including substantially similar terms and provisions has been enacted by states representing greater than 75% of the direct premiums written as reported in the following annual statements submitted for 2008: life, accident and health annual statements; health

BY CHOOSING 'YES', I ATTEST THAT THE PREVIOUS STATEMENTS ARE TRUE AND CORRECT.

Yes
Douglas P Buffington -- By my signature, I certify that I am the person authorized to file legislative rules, in accordance with West Virginia Code §29A-3-11 and §39A-3-2.



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FORM 12 -- BRIEF SUMMARY AND STATEMENT OF CIRCUMSTANCES (Page 2)

AGENCY	Insurance Commission			
RULE TYPE	Legislative	AMENDMENT TO EXISTING RULE	No	TITLE-SERIES 114-98
RULE NAME	Adoption of Valuation Manual			

CITE AUTHORITY W.Va. Code §§33-7-9(n) and 33-2-10

SUMMARIZE IN A CLEAR AND CONCISE MANNER CONTENTS OF CHANGES IN RULE AND STATEMENT OF CIRCUMSTANCES REQUIRING THE RULE.

annual statements; or fraternal annual statements; and

3. The NAICs model standard law, as amended by the NAIC in 2009, or legislation including substantially similar terms and provisions has been enacted by at least 42 of the following 55 jurisdictions: the 50 states of the United States, American Samoa, the District of Columbia, Guam, the Commonwealth of Puerto Rico and the United States Virgin Islands.

The valuation manual was adopted by the NAIC on December 2, 2012. This year, the number of states adopting principle-based valuation at the state level reached the specified supermajority. As of June 10, 2016, forty-five states have enacted laws substantially similar to the model Standard Valuation Law. The triggers set forth in W. Va. Code §33-7-9(n) have been met therefore a rule adopting the valuation manual is needed.

BY CHOOSING 'YES', I ATTEST THAT THE PREVIOUS STATEMENTS ARE TRUE AND CORRECT.

Yes

Douglas P Buffington -- By my signature, I certify that I am the person authorized to file legislative rules, in accordance with West Virginia Code §29A-3-11 and §39A-3-2.



Title-Series: 114-98



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TITLE 114

WEST VIRGINIA LEGISLATIVE RULE
INSURANCE COMMISSIONER

SERIES 98

ADOPTION OF VALUATION MANUAL

Section.

114-98-1. **General**

114-98-2. **Definitions**

114-98-3. **Determination of Operative Date of Valuation Manual**

114-98-4. **Adoption of Valuation Manual**

TITLE 114

WEST VIRGINIA LEGISLATIVE RULE
INSURANCE COMMISSIONER

SERIES 98

ADOPTION OF VALUATION MANUAL

§114-98-1. General.

1.1. Scope. -- The purpose of this rule is to formally adopt the most recent changes to the Valuation Manual adopted by the National Association of Insurance Commissioners (“NAIC”) as specified in W.Va. Code §33-7-9(n).

1.2. Authority. -- W. Va. Code §§33-7-9(n) and 33-2-10.

1.3. Filing date. –

1.4. Effective date. –

1.5. Sunset date. – The provisions of this rule shall have no further force and effect as of five years from the effective date of this rule.

§114-98-2. Definitions.

2.1. For purposes of this section, “Valuation Manual” shall have the meaning ascribed in W. Va. Code §33-7-9(a)(11).

§114-98-3. Determination of Operative Date of Valuation Manual.

3.1. The Insurance Commissioner has made the following determinations:

3.1.a. The Valuation Manual was adopted by the NAIC on December 2, 2012 by an affirmative vote of 43 members, representing over three-fourths of the members voting.

3.1.b. The Standard Valuation Law, as amended by the NAIC in 2009, or legislation including substantially similar terms and conditions, has been enacted by states representing over 77% 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.

3.1.c. The Standard Valuation Law, as amended by the NAIC in 2009, or legislation including substantially similar terms and conditions, has been enacted by 44 states.

3.2. On June 10, 2016, the NAIC, after conducting an extensive analysis of state laws, voted unanimously to recognize that all three triggers defining the operative date of the Valuation Manual have been satisfied.

3.3. In accordance with W. Va. Code §33-7-9(n)(2), the operative date of the Valuation Manual for this state shall be January 1, 2017.

§114-98-4. Adoption of Valuation Manual.

4.1. In accordance with W. Va. Code §33-7-9, the Valuation Manual (and any amendments to such manual as may be subsequently approved by the NAIC) is hereby adopted by this state to become effective January 1, 2017.