



**WEST VIRGINIA
SECRETARY OF STATE**

NATALIE E. TENNANT

ADMINISTRATIVE LAW DIVISION

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OFFICE OF
WEST VIRGINIA SECRETARY OF STATE

FORM 7 -- NOTICE OF AN EMERGENCY 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**

THE ABOVE RULE IS BEING FILED AS AN EMERGENCY RULE TO BECOME EFFECTIVE AFTER APPROVAL BY SECRETARY OF STATE OR 42ND DAY AFTER FILING, WHICHEVER OCCURS FIRST. THE FACTS AND CIRCUMSTANCES CONSTITUTING THE EMERGENCY ARE AS FOLLOWS:

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 annual statements; or fraternal annual statements; and
3. The NAICs model standard law, as amended by the NAIC in 2009, or legislation including

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



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RULE NAME	Adoption of Valuation Manual			98

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

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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. The operative date of the Uniform Valuation Manual is January 1, 2017.

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Yes

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FORM 9 -- EMERGENCY RULE QUESTIONNAIRE (Page 1)

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

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

PRIMARY CONTACT

Andrew Pauley, CPCU, General Counsel
900 Pennsylvania Ave
P. O. Box 50540
Charleston, STATE ZIP

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

DATE OF FILING
Monday, August 22, 2016

STATUTORY AUTHORITY FOR PROMULGATING EMERGENCY RULE
w. Va. Code §§33-7-9(n) and 33-2-10

DATE OF FILING OF PROPOSED LEGISLATIVE RULE
Wednesday, July 13, 2016

DOES THE EMERGENCY RULE ADOPT NEW LANGUAGE OR DOES IT AMEND OR APPEAL A
CURRENT LEGISLATIVE RULE?

HAS THE SAME OR SIMILAR EMERGENCY RULE PREVIOUSLY BEEN FILED AND EXPIRED?
No

STATE, WITH PARTICULARITY, THOSE FACTS AND CIRCUMSTANCES WHICH MAKE THE
EMERGENCY RULE NECESSARY FOR THE IMMEDIATE PRESERVATION OF PUBLIC PEACE,
HEALTH, SAFETY OR WELFARE.

N/A

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in accordance with West Virginia Code §29A-3-11 and §39A-3-2.



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FORM 9 -- EMERGENCY RULE QUESTIONNAIRE (Page 3)

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RULE NAME	Adoption of Valuation Manual		

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

IF THE EMERGENCY RULE WAS PROMULGATED IN ORDER TO COMPLY WITH A TIME LIMIT ESTABLISHED BY THE CODE OR FEDERAL STATUTE OR REGULATION, CITE THE CODE PROVISION, FEDERAL STATUTE OR REGULATION AND TIME LIMIT ESTABLISHED THEREIN.

N/A

STATE, WITH PARTICULARITY, THOSE FACTS AND CIRCUMSTANCES WHICH MAKE THE EMERGENCY RULE NECESSARY TO PREVENT SUBSTANTIAL HARM TO THE PUBLIC INTEREST.

The WV Standard Valuation Law provides that the valuation manual becomes 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. As of June 10, 2016, forty-five states have enacted laws substantially similar to the model Standard Valuation Law. This rule 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. The operative date of the uniform valuation manual is January 1, 2017.

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 114-
RULE NAME	Adoption of Valuation Manual		98

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

PRIMARY CONTACT

Andrew Pauley, CPCU, General Counsel
900 Pennsylvania Ave
P. O. Box 50540
Charleston, STATE ZIP

SECONDARY CONTACT

Victor Mullins, Associate Counsel
900 Pennsylvania Ave
P. O. Box 50540
Charleston, STATE SECONDARY ZIP SECONDARY

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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.

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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	N/A	N/A	N/A
PERSONAL SERVICES	N/A	N/A	N/A
CURRENT EXPENSES	N/A	N/A	N/A
REPAIRS AND ALTERATIONS	N/A	N/A	N/A
ASSETS	N/A	N/A	N/A
OTHER	N/A	N/A	N/A
ESTIMATED TOTAL REVENUES	N/A	N/A	N/A

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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.

N/A

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

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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.

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

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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.

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

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

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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 CONTENTS OF CHANGES IN RULE AND STATEMENT OF CIRCUMSTANCES REQUIRING THE RULE.

these jurisdictions.

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

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TITLE 114

EMERGENCY 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

EMERGENCY 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.