



WEST VIRGINIA SECRETARY OF STATE

MAC WARNER

ADMINISTRATIVE LAW DIVISION

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Office of West Virginia
Secretary Of State

NOTICE OF SUNSET PROVISION EXTENSION REQUEST

AGENCY: Insurance Commission

TITLE-SERIES: 114-98

RULE TYPE: Legislative

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

RULE NAME: 114-98 Adoption of Valuation Manual

PLEASE SELECT A SUNSET PROVISION OPTION:

EXTEND THE SUNSET DATE OF THE RULE.

5 REQUESTED NUMBER OF YEARS FOR EXTENSION (SUBJECT TO LRMRC REVIEW).

LET THIS RULE EXPIRE.

PLEASE INDICATE IF THIS RULE INCLUDES:

RELEVANT FEDERAL STATUTES OR REGULATIONS

INCORPORATED BY REFERENCE

PLEASE PROVIDE A BRIEF SUMMARY OF THE CONTENT OF THE RULE:

The Insurance Commissioner is seeking to amend this existing rule solely to extend the sunset date, which is currently May 19, 2022. This rule was initially promulgated in 2017 pursuant to W. Va. Code §33-7-9(n). Fifty-one states and U.S. Jurisdictions have adopted the same, or similar, valuation manual. 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). Under principle-based valuation, insurers will be required to hold the higher of (a) reserves using prescribed factors or (b) reserves which consider a wide range of future economic conditions and is computed using credible insurer experience factors specific to an insurer, such as mortality, policyholder behavior and expenses. By promulgating this rule, West Virginia provided clear guidance to both the insurance industry and to other states and jurisdictions that West Virginia intended to begin reserving in accordance with principle based reserving, effective January 1, 2017, and provided assurances of uniformity of reserving in these jurisdictions.

SUMMARIZE IN A CLEAR AND CONCISE MANNER THE REASONS FOR REQUESTING A SUNSET PROVISION EXTENSION:

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. Fifty-one states and jurisdictions have adopted the National Association of Insurance Commissioner's valuation manual, like West Virginia, and likewise engage in principle-based valuation reserving. Additionally, the National Association of Insurance Commissioners began requiring its adoption as an accreditation standard effective January 1, 2020. Thus, West Virginia must request a sunset provision extension to continue this rule to continue to meet accreditation standards with the National Association of Insurance Commissioners.

SUMMARIZE IN A CLEAR AND CONCISE MANNER THE OVERALL ECONOMIC IMPACT OF THE RULE:

A. ECONOMIC IMPACT ON REVENUES OF STATE GOVERNMENT:

N/A.

B. ECONOMIC IMPACT OF THE LEGISLATIVE RULE ON THE STATE OR ITS RESIDENTS:

N/A.

C. FISCAL NOTE DETAIL:

Effect of Proposal	Fiscal Year		
	2021 Increase/Decrease (use "-")	2022 Increase/Decrease (use "-")	Fiscal Year (Upon Full Implementation)
1. Estimated Total Cost			
Personal Services			
Current Expenses			
Repairs and Alterations			
Assets			
Other			
2. Estimated Total Revenues			

D. EXPLANATION OF ABOVE ESTIMATES (INCLUDING LONG-RANGE EFFECT):

N/A.

BY CHOOSING 'YES', I ATTEST THAT THE PREVIOUS STATEMENT IS TRUE AND CORRECT.

Yes

Erin K Hunter -- 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.