

Article - Insurance

[Previous][Next]

§5–201.1. NOT IN EFFECT

** CONTINGENCY – NOT IN EFFECT – CHAPTER 367 OF 2015 **

(a) (1) In this section the following words have the meanings indicated.

(2) “Accident and health insurance contract” means a contract, as specified in the valuation manual, that:

(i) incorporates morbidity risk; and

(ii) provides protection against economic loss resulting from accident, sickness, or medical conditions.

(3) “Appointed actuary” means a qualified actuary who is appointed in accordance with the valuation manual to issue an opinion required by this section.

(4) “Company” means an entity that:

(i) 1. has written, issued, or reinsured life insurance policies, accident and health insurance contracts, or deposit–type contracts in the State; and

2. has at least one of the policies or contracts specified in item 1 of this item in force or on claim; or

(ii) 1. has written, issued, or reinsured life insurance policies, accident and health insurance contracts, or deposit–type contracts in any state; and

2. is required to hold a certificate of authority to write life insurance policies, accident and health insurance contracts, or deposit–type contracts in this State.

(5) “Deposit–type contract” means a contract, as specified in the valuation manual, that does not incorporate mortality or morbidity risks.

(6) (i) “Life insurance policy” means a policy, as specified in the valuation manual, that incorporates mortality risk.

(ii) “Life insurance policy” includes:

1. an annuity contract; and

2. a pure endowment contract.

(7) “Operative date of the valuation manual” means the date determined in accordance with § 5–313 of this title.

(8) “Qualified actuary” means an individual who:

(i) 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

(ii) meets the requirements specified in the valuation manual.

(9) “Valuation manual” means the manual of valuation instructions adopted by the National Association of Insurance Commissioners in the manner specified in § 5–313(b)(1) of this title.

(b) This section applies to each company that, on or after the operative date of the valuation manual:

(1) has outstanding life insurance policies, accident and health insurance contracts, or deposit–type contracts in the State; and

(2) is subject to regulation by the Commissioner.

(c) (1) A company subject to this section shall submit annually the opinion of an appointed actuary as to whether the reserves and related actuarial items held in support of the company’s life insurance policies, accident and health insurance contracts, and deposit–type contracts are:

(i) computed appropriately;

(ii) based on assumptions that satisfy contractual provisions;

(iii) consistent with prior reported amounts; and

(iv) in compliance with applicable laws of the State.

(2) The valuation manual shall prescribe the contents of the opinion and any other items considered necessary to the scope of the opinion.

(d) (1) Except as exempted in the valuation manual, a company subject to this section shall include with the opinion required by subsection (c) of this section an additional opinion of the same appointed actuary, stating whether the reserves and related actuarial items that are held in support of the company’s life insurance policies, accident and health insurance contracts, and deposit–type contracts are adequate to meet the company’s obligations under the life insurance policies, accident and health insurance contracts, and deposit–type contracts, in light of the assets held with respect to the reserves and related actuarial items.

(2) The obligations of a company under its life insurance policies, accident and health insurance contracts, and deposit–type contracts include benefits to be provided and associated expenses that may reasonably be expected.

(3) In reviewing the assets held by a company with respect to the reserves and related actuarial items, the appointed actuary shall consider the expected investment earnings on the assets and other consideration that the company expects to receive and retain under the company's life insurance policies, accident and health insurance contracts, and deposit-type contracts.

(e) (1) A memorandum shall be prepared to support each opinion required under this section.

(2) The supporting memorandum shall be:

(i) in the form and contain the information that is specified in the valuation manual; and

(ii) acceptable to the Commissioner.

(3) The Commissioner may engage a qualified actuary at the expense of a company subject to this section to review each opinion and the basis for the opinion and prepare a supporting memorandum if:

(i) the company fails to provide a supporting memorandum, at the request of the Commissioner, within the period specified in the valuation manual; or

(ii) the Commissioner determines that the supporting memorandum that the company provides fails to meet the standards prescribed by the valuation manual or is otherwise unacceptable to the Commissioner.

(f) (1) Each opinion required by this section shall:

(i) be in the form and contain the information that is specified in the valuation manual;

(ii) be acceptable to the Commissioner;

(iii) be submitted with the annual statement required by this article;

(iv) reflect the valuation of the reserve liabilities of a company subject to this section for each year ending on or after the operative date of the valuation manual;

(v) apply to all life insurance policies, accident and health insurance contracts, and deposit-type contracts subject to subsection (d) of this section and any other actuarial liabilities as may be specified in the valuation manual; and

(vi) be based on standards adopted by the Actuarial Standards Board and any additional standards as may be prescribed in the valuation manual.

(2) For a foreign company or an alien company, the Commissioner may

accept an opinion that the foreign or alien company files with the insurance supervisory official of another state if the Commissioner determines that the opinion reasonably meets the requirements applicable to a company domiciled in this State.

(g) Except for fraud or willful misconduct, an appointed actuary is not liable for damages to any person other than the company or the Commissioner for any act, error, omission, decision, or conduct related to the appointed actuary's opinion.

(h) The Commissioner shall adopt regulations to establish disciplinary action against a company or an appointed actuary that violates this section.

[Previous][Next]