

Article - Insurance

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§5-301. IN EFFECT

(a) (1) (i) Subject to subparagraph (ii) of this paragraph, the Commissioner annually shall value or cause to be valued the reserves for all outstanding life insurance policies, annuity contracts, and pure endowment contracts of each life insurer doing business in the State.

(ii) For an alien insurer, the valuation required by this section shall be limited to the alien insurer's United States business.

(2) The Commissioner may certify the amount of reserves valued under this section, specifying the mortality tables, rates of interest, and methods used to calculate the reserves.

(b) To calculate reserves under this section, the Commissioner may use group methods and approximate averages for fractions of a year or otherwise.

(c) For a foreign insurer or alien insurer, instead of the valuation of reserves required by subsection (a) of this section, the Commissioner may accept a valuation made or caused to be made by the insurance supervisory official of another state or other jurisdiction if:

(1) the valuation complies with the minimum standard under this subtitle;
and

(2) the insurance supervisory official of the other state or other jurisdiction accepts as sufficient and valid for all legal purposes the Commissioner's certificate of valuation if the Commissioner's certificate states that the valuation is made in a specified manner by which the aggregate reserves are at least as large as if they had been computed as prescribed by the law of that state or jurisdiction.

(d) Subject to the approval of the Commissioner, an insurer that has adopted a standard of valuation producing greater aggregate reserves than the aggregate reserves calculated under the minimum standard provided in this subtitle may adopt a lower standard of valuation if it is not lower than the minimum standard provided in this subtitle.

5-301. ** CONTINGENCY – NOT IN EFFECT – CHAPTER 367 OF 2015 **

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

(b) "Accident and health insurance contract" has the meaning stated in § 5-201.1(a) of this title.

(c) "Appointed actuary" means a qualified actuary who is appointed in

accordance with the valuation manual to prepare an opinion required by § 5–201.1 of this title.

(d) “Company” has the meaning stated in § 5–201.1(a) of this title.

(e) “Deposit–type contract” has the meaning stated in § 5–201.1(a) of this title.

(f) “Life insurance policy” has the meaning stated in § 5–201.1(a) of this title.

(g) “NAIC” means the National Association of Insurance Commissioners.

(h) “Operative date of the valuation manual” has the meaning stated in § 5–201.1(a) of this title.

(i) (1) “Policyholder behavior” means any action a policyholder, contract holder, or any other person with the right to elect options, including a certificate holder, may take under a life insurance policy, an accident and health insurance contract, or a deposit–type contract issued on or after the operative date of the valuation manual.

(2) “Policyholder behavior” includes behavior relating to lapse, withdrawal, transfer, deposit, premium payment, loan, annuitization, or benefit elections prescribed by a life insurance policy, an accident and health insurance contract, or a deposit–type contract issued on or after the operative date of the valuation manual.

(3) “Policyholder behavior” does not include an event of mortality or morbidity that results in benefits prescribed in their essential aspects by the terms of a life insurance policy, an accident and health insurance contract, or a deposit–type contract issued on or after the operative date of the valuation manual.

(j) “Principle–based valuation” means a reserve valuation that:

(1) uses one or more methods or one or more assumptions determined by a company; and

(2) meets the requirements of § 5–314 of this subtitle.

(k) “Qualified actuary” has the meaning stated in § 5–201.1(a) of this title.

(l) “Tail risk” means a risk that occurs when:

(1) the frequency of low probability events is higher than expected under a normal probability distribution; or

(2) events of very significant size or magnitude are observed.

(m) “Valuation manual” has the meaning stated in § 5–201.1(a) of this title.

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