



Ohio Revised Code

Section 3903.728 Policies issued on or after the operative date of the valuation manual.

Effective: January 1, 2021

Legislation: House Bill 339 - 133rd General Assembly

(A) For policies issued on or after the operative date of the valuation manual, the standard prescribed in the valuation manual is the minimum standard of valuation required under division (B) of section 3903.721 of the Revised Code, except as provided under divisions (E) and (G) of this section.

(B) The operative date of the valuation manual is January 1 of the first calendar year following the first July 1 as of which all of the following have occurred:

(1) The valuation manual has been adopted by the national association of insurance commissioners by an affirmative vote of at least forty-two members, or three-fourths of the members voting, whichever is greater.

(2) The standard valuation law, as amended by the national association of insurance commissioners in 2009, or legislation including substantially similar terms and provisions, has been enacted by states representing greater than seventy-five per cent of the direct premiums written as reported in one or more of the following annual statements submitted for 2008: life, accident, and health annual statements; health annual statements; or fraternal annual statements.

(3) The standard valuation law, as amended by the national association of insurance commissioners in 2009, or legislation including substantially similar terms and provisions, has been enacted by at least forty-two of the following fifty-five jurisdictions: the fifty states of the United States, American Samoa, the American Virgin Islands, the District of Columbia, Guam, and Puerto Rico.

(C) Unless a change in the valuation manual specifies a later effective date, a change to the valuation manual shall be effective on January 1 following the date the change to the valuation manual has been adopted by the national association of insurance commissioners by an affirmative vote representing both of the following:



- (1) At least three-fourths of the members of the national association of insurance commissioners voting, but not less than a majority of the total membership;

- (2) Members of the national association of insurance commissioners representing jurisdictions totaling greater than seventy-five per cent of the direct premiums written as reported in one or more of the following annual statements most recently available prior to the vote in division (C)(1) of this section: life, accident, and health annual statements; health annual statements; or fraternal annual statements.

- (D) The valuation manual shall specify all of the following:
 - (1) Minimum valuation standards for and definitions of the policies or contracts subject to division (B) of section 3903.721 of the Revised Code. The minimum valuation standards shall be:
 - (a) The commissioners reserve valuation method for life insurance contracts, other than annuity contracts, subject to division (B) of section 3903.721 of the Revised Code;
 - (b) The commissioners annuity reserve valuation method for annuity contracts subject to division (B) of section 3903.721 of the Revised Code;
 - (c) Minimum reserves for all other policies or contracts subject to division (B) of section 3903.721 of the Revised Code.

 - (2) Which policies or contracts or types of policies or contracts are subject to the requirements of a principle-based valuation in division (A) of section 3903.729 of the Revised Code and the minimum valuation standards consistent with those requirements.

 - (3) For policies and contracts subject to a principle-based valuation under section 3903.729 of the Revised Code:
 - (a) Requirements for the format of reports to the superintendent under division (B)(3) of section 3903.729 of the Revised Code that shall include information necessary to determine if the valuation is appropriate and in compliance with sections 3903.72 to 3903.7211 of the Revised Code.



- (b) Assumptions for risks over which the company does not have significant control or influence.
- (c) Procedures for corporate governance and oversight of the actuarial function, and a process for appropriate waiver or modification of such procedures.
- (4) For policies not subject to a principle-based valuation under section 3903.729 of the Revised Code, the minimum valuation standard, which shall be or do either of the following:
 - (a) Be consistent with the minimum standard of valuation prior to the operative date of the valuation manual;
 - (b) Develop reserves that quantify the benefits and guarantees, and the funding, associated with the contracts and their risks at a level of conservatism that reflects conditions that include unfavorable events that have a reasonable probability of occurring.
- (5) Other requirements, including those relating to reserve methods, models for measuring risk, generation of economic scenarios, assumptions, margins, use of company experience, risk measurement, disclosure, certifications, reports, actuarial opinions and memorandums, transition rules, and internal controls;
- (6) The data and form of the data required under section 3903.7210 of the Revised Code, with whom the data must be submitted, and other requirements specified by the superintendent, which may include data analyses and reporting of analyses.
- (E) In the absence of a specific valuation requirement or if a specific valuation requirement in the valuation manual is not, in the opinion of the superintendent, in compliance with sections 3903.72 to 3903.7211 of the Revised Code, then the company shall, with respect to such requirements, comply with minimum valuation standards prescribed in rules adopted by the superintendent.
- (F) The superintendent may engage a qualified actuary, at the expense of the company, to perform an actuarial examination of the company and opine on the appropriateness of any reserve assumption or method used by the company, or to review and opine on a company's compliance with any



requirement set forth in sections 3903.72 to 3903.7211 of the Revised Code. The superintendent may rely upon the opinion, regarding provisions contained within sections 3903.72 to 3903.7211 of the Revised Code, of a qualified actuary engaged by the insurance commissioner of another state, district, or territory of the United States. As used in this division, the term "engage" includes employment and contracting.

(G) The superintendent may require a company to change any assumption or method that in the opinion of the superintendent is necessary in order to comply with the requirements of the valuation manual or sections 3903.72 to 3903.7211 of the Revised Code, and the company shall adjust the reserves as required by the superintendent. The superintendent may take other disciplinary action as permitted under applicable laws.