



Department of Business Regulation
Insurance Division
1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920

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2017 Operative Date of Principle-Based Valuation Manual

The purpose of this bulletin is to announce that the Insurance Division has determined that statutory requirements have been met and that as of January 1, 2017, Rhode Island will be implementing a new valuation manual for certain life, health and annuity business written after that operative date.

Rhode Island's Standard Valuation Law (SVL) ¹ 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 SVL 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 an affirmative vote of at least forty-two (42) members, or three-fourths (3/4) of the members voting, whichever is greater.

"2. The Standard Valuation Law, as amended by the NAIC in 2009, or legislation including substantially similar terms and provisions, has been enacted by states representing greater than seventy-five percent (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.

"3. The Standard Valuation Law, as amended by the NAIC in 2009, or legislation including substantially similar terms and provisions, has been enacted by at least forty-two (42) of the following fifty-five (55) jurisdictions: The fifty (50) States of the United States, American Samoa, the American Virgin Islands, the District of Columbia, Guam, and Puerto Rico."²

¹ Rhode Island General Law Section 27-4.5-1 et seq.

² R.I.G.L. § 27-4.5-13

The valuation manual was adopted by the NAIC on December 2, 2012, with 43 members voting in the affirmative. This year, the number of states adopting principle-based valuation at the state level has also reached the specified supermajority. As of this date, 45 states, including Rhode Island, have advised the NAIC that they have enacted laws substantially similar to the model SVL, including language using the same three triggers to define the operative date, and these states represent more than 79% of the applicable premium volume. On June 10th, after conducting an extensive analysis of these states' laws, the NAIC voted unanimously to recognize that all three triggers defining the operative date have been satisfied.

Accordingly, I hereby determine that the operative date of the uniform valuation manual, for purposes of the Rhode Island Standard Valuation Law, is January 1, 2017.

Elizabeth Kelleher Dwyer
Superintendent of Insurance
June 16, 2016