

Actuarial Filings

The Actuarial Office of the Financial Regulation Division is responsible for solvency analysis functions that include the review and examination of reserves and other related actuarial items. Required actuarial filings related to these functions include the following:

Statement of Actuarial Opinion

The Statement of Actuarial Opinion is required to be filed with the annual statement by March 1st (April 1st for Stipulated Premium Companies) in accordance with the provisions of TIC §802.002. Domestic companies are required to file a paper copy along with the annual statement and an electronic copy with the NAIC. Foreign companies are required to file only an electronic copy with the NAIC. Guidance for completing the Actuarial Opinion is provided for the following company types:

Life, Accident and Health (LA&H) Insurers (including Stipulated Premium companies) and Fraternal Benefit Societies

Guidance for completing an Actuarial Opinion based on an asset adequacy analysis is found in the NAIC Valuation Manual, specifically VM-30 Section 3.A. Signed reliance statements should be attached to the opinion if applicable.

For insurers that write business that incorporates X-factors, guidance is given for an Actuarial Opinion involving the application of X-factors and the supporting report in APPM A-830.

Property and Casualty (P&C) Insurers

Guidance for completing the Actuarial Opinion is found in the Actuarial Opinion section of the NAIC P&C Annual Statement Instructions. This is applicable to both domestic and foreign P&C companies.

Title Insurers

Guidance for completing the Actuarial Opinion is found in the Actuarial Opinion section of the NAIC Title Annual Statement Instructions. This is applicable to both domestic and foreign title companies.

Health Maintenance Organizations (HMOs)

Guidance for completing the Actuarial Opinion is found in the Actuarial Opinion section of the NAIC Health Annual Statement Instructions. Signed reliance statements should be attached to the opinion if applicable.

Actuarial Memorandum / Actuarial Report

An Actuarial Memorandum / Actuarial Report in support of the Statement of Actuarial Opinion should be prepared by the appointed actuary and retained by the Company. The memorandum / report must be made available to the Actuarial Office within two weeks of a request (such as during a financial examination) or by May 1, whichever is earlier. Guidance for completing the actuarial memorandum / report is provided for the following company types:

Life, Accident and Health (LA&H) Insurers (including Stipulated Premium companies) and Fraternal Benefit Societies

Guidance for completing the Actuarial Memorandum is provided in the Valuation Manual, specifically VM-30 Section 3.B.

Property and Casualty (P&C) Insurers

Guidance for completing the Actuarial Report is provided in the NAIC P&C Annual Statement Instructions, Actuarial Opinion section. This is applicable to both domestic and foreign P&C companies.

Health Maintenance Organizations (HMOs)

Guidance for completing the Actuarial Memorandum is provided in the NAIC Health Annual Statement Instructions, Actuarial Opinion section, part 1C.

Title Insurers

Guidance for completing the Actuarial Report is provided in the NAIC Title Annual Statement Instructions, Actuarial Opinion section. This is applicable to both domestic and foreign title companies.

Regulatory Asset Adequacy Issues Summary (RAAIS)/Actuarial Opinion Summary (AOS)

The RAAIS is required to be filed directly to the Actuarial Office by April 1st (May 1st for Stipulated Premium Companies). The AOS is required to be filed directly to the Actuarial Office by March 15th. Please submit summaries electronically to: actuarialdivision@tdi.texas.gov. Or mail to:

Actuarial Office MC 103-AC
Texas Department of Insurance
PO Box 149104
Austin TX 78714-9104
Phone: (512) 676-6860

Guidance for completing these reports is provided for the following company types:

Life, Accident and Health (LA&H) Insurers (including Stipulated Premium companies) and Fraternal Benefit Societies

Guidance for completing the Regulatory Asset Adequacy Issues Summary (RAAIS) is provided in the Valuation Manual, specifically VM-30 Section 3.B.13. Please note that Companies that are exempted from performing asset adequacy analysis under 28 TAC §3.9902(c) do not have to file the RAAIS. This filing is required for domestic companies. A foreign company must have this document available for review upon request of the Commissioner.

Property and Casualty (P&C) Insurers

Guidance for completing the Actuarial Opinion Summary (AOS) is provided in the NAIC P&C Annual Statement Instructions, Supplemental Filings section. This filing is required for domestic companies. Foreign companies should have this document available for review upon request of the Commissioner.

PBR Actuarial Report Executive Summary, Life Summary, and VA Summary

The PBR Actuarial Report Executive Summary, Life Summary, and VA Summary are required to be filed directly to the Actuarial Office by April 1st. Please submit summaries electronically to: actuarialdivision@tdi.texas.gov. Or mail to:

Actuarial Office MC 103-AC
Texas Department of Insurance
PO Box 149104
Austin TX 78714-9104
Phone: (512) 676-6860

Guidance for completing these reports is provided for the following company types:

Life, Accident and Health (LA&H) Insurers (including Stipulated Premium companies) and Fraternal Benefit Societies

Guidance for completing the PBR Actuarial Report Executive Summary, Life Summary, and VA Summary is provided in the Valuation Manual, specifically VM-31 Section 3.B, Section 3.C, and Section 3.E. This filing is required for domestic companies. A foreign company must have this document available for review upon request of the Commissioner. Furthermore, all licensed companies must have the entire PBR Actuarial Report, as provided by the entirety of VM-31 Section 3, available for review upon request of the Commissioner.

Please note that Companies that are exempted from performing Life PBR valuation under VM Sec. II, Subsection 1.D (“life PBR Exemption”) or under 28 TAC §3.9902(b) (“Single State Exemption”), do not have to file the PBR Actuarial Report Life Summary, and only need to file the Executive Summary and VA Summary if they have business subject to VM-21.

This filing is not necessary if a company does not have business subject to VM-21 and has elected to defer Life PBR during the 3-year transition period (1/1/2017 - 12/31/2019) as permitted in VM Sec. II, – Subsection 1.C. No filing is necessary to notify TDI that this election was made. 2020 will be the first year that this filing will be applicable for companies that do not have business subject to VM-21 and have elected to defer Life PBR during the 3-year transition period.

Notification of Appointed Actuary to Domiciliary Commissioner

The Company is required to notify the domiciliary commissioner upon the appointment of an appointed actuary or a change in the appointed actuary. Once the notice is furnished, no further notice is required unless the actuary ceases to be appointed or retained or ceases to meet the requirements of a qualified actuary. Guidance for completing the notification letters is provided for the following company types:

Life, Accident and Health (LA&H) Insurers (including Stipulated Premium companies) and Fraternal Benefit Societies

The requirement for filing the notification of appointment of actuary is found in the NAIC Valuation Manual in VM-30 Sections 2.A.2 and 2.A.3. This filing is required for domestic companies. For foreign companies, this filing must be made available upon request of the Commissioner. Please note that there

are three separate documents that are required:

- Notification of Appointment of Actuary - due within five (5) business days of the appointment by the Board
- Letter from the Company detailing any disagreements with the former appointed actuary – due within ten (10) business days of the above notification
- Letter from the prior appointed actuary to the Company stating agreement or disagreement with the above letter

Property and Casualty (P&C) Insurers

The requirement for filing the notification of the appointment of the actuary is contained in the NAIC P&C Annual Statement Instructions, Actuarial Opinion section. The appointed actuary must be a “qualified actuary” as defined in the Instructions and in TIC Section 802.002(a) and the appointment must be made by December 31 of the calendar year for which the appointment will apply. As per these Instructions, this filing is only required for domestic companies. Please note that there are three separate documents that are required:

- Notification of Appointment of Actuary - due within five (5) business days of the appointment by the Board
- Letter from the Company detailing any disagreements with the former appointed actuary – due within ten (10) business days of the above notification
- Letter from the prior appointed actuary to the Company stating agreement or disagreement with the above letter

Please see the NAIC P&C Annual Statement Instructions for further specific guidance.

Health Maintenance Organizations (HMOs)

The requirement for filing the notification of the appointment of the actuary is contained in the NAIC Health Annual Statement Instructions, Actuarial Opinion section, Part 1. The appointed actuary must be a “qualified actuary” as defined in the Instructions and in TIC Section 802.002(a) and the appointment must be made by December 31 of the calendar year for which the appointment will apply. As per these Instructions, this filing is only required for domestic companies. Please note that there are three separate documents that are required:

- Notification of Appointment of Actuary - due within five (5) business days of the appointment by the Board
- Letter from the Company detailing any disagreements with the former appointed actuary – due within ten (10) business days of the above notification
- Letter from the prior appointed actuary to the Company stating agreement or disagreement with the above letter

Please see the NAIC Health Annual Statement Instructions for further specific guidance.

Title (P&C) Insurers

The requirement for filing the notification of the appointment of the actuary is contained in the NAIC Title Annual Statement Instructions, Actuarial Opinion section. The appointed actuary must be a

“qualified actuary” as defined in the Instructions and in TIC Section 802.002(a) and the appointment must be made by December 31 of the calendar year for which the appointment will apply. As per these Instructions, this filing is only required for domestic companies. Please note that there are three separate documents that are required:

- Notification of Appointment of Actuary - due within five (5) business days of the appointment by the Board
- Letter from the Company detailing any disagreements with the former appointed actuary – due within ten (10) business days of the above notification
- Letter from the prior appointed actuary to the Company stating agreement or disagreement with the above letter

Please see the NAIC Title Annual Statement Instructions for further specific guidance.

Send to: actuarialdivision@tdi.texas.gov or mail to the address listed on page 3.

Actuarial Exemptions

Single State Exemption from NAIC VM PBR Requirements, also called “Single State Exemption”

A company may request a single state exemption from the NAIC Valuation Manual principle-based valuation requirements for specific product forms or product lines under 28 TAC §3.9902(b).

Note that this filing is not necessary for exemption from VM-20 requirements if a company has elected to defer Life PBR during the 3-year transition period (1/1/2017 - 12/31/2019) as permitted in VM Sec. II, Section 1.C. No filing is necessary to notify TDI that this election was made. 2020 will be the first year that this filing will be applicable.

Send request to: actuarialdivision@tdi.texas.gov or mail to the address listed on page 3.

Single State Exemption from Asset Adequacy Analysis Requirements, also called “Asset Adequacy Analysis Exemption”

A company may request an exemption by the commissioner from the asset adequacy analysis requirement for the actuarial opinion in the NAIC Valuation Manual. This exemption is an asset adequacy analysis exemption under 28 TAC §3.9902(c).

Send request to: actuarialdivision@tdi.texas.gov or mail to the address listed on page 3.

Life PBR Exemption

A company meeting all of the conditions in VM Sec. II, Subsection 1. D may file a statement of exemption for ordinary life insurance policies, issued directly or assumed during the current calendar year that would otherwise be subject to VM-20, with its domiciliary commissioner no later than July 1st of the calendar year for which the exemption is to be claimed. The Commissioner may deny the exemption prior to September 1st and require the company to follow the requirements of VM-20 for the ordinary life policies.

Note that this filing is not necessary if a company has elected to defer Life PBR during the 3-year transition period (1/1/2017 - 12/31/2019) as permitted in VM Sec. II, Subsection 1.C. No filing is necessary to notify TDI that this election was made. 2020 will be the first year that this filing will be applicable.

Send request to: actuarialdivision@tdi.texas.gov or mail to the address listed on page 3.

Actuarial Opinion Exemptions – Property and Casualty Insurers

A property and casualty insurer who intends to file for an exemption from submitting an Actuarial Opinion must submit an exemption request to the domiciliary commissioner no later than December 1st of the calendar year for which the exemption is to be claimed. The Commissioner may deny the exemption prior to December 31st. A copy of the approved exemption must be filed with the Annual Statement in all jurisdictions in which the company is authorized. Exemptions may be granted for the reasons noted in Section 1B of the NAIC P&C Annual Statement Instructions.

Send request to: actuarialdivision@tdi.texas.gov or mail to the address listed on page 3.

Reserve Destrengthening

Life, accident, and health insurers, including fraternal benefit societies and stipulated premium companies subject to TIC §§425.051-425.077 (also known as the Standard Valuation Law), must request prior approval to adopt any lower standard of valuation of reserves as required by TIC §425.067(c).

Send request to: actuarialdivision@tdi.texas.gov or mail to the address listed on page 3.

Approval Requests for Health Reserves (28 TAC §§3.7001 - 3.7009, VM-25, App. A-010)

The Texas Administrative Code, Valuation Manual and App. A-010 allow for approval of other morbidity or mortality tables in valuing certain types of health reserves.

Send request to: actuarialdivision@tdi.texas.gov or mail to the address listed on page 3.
