

## **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 are listed in the NAIC Checklists within the Filing Smart website. This document provides additional guidance for actuarial filings that are submitted directly to the Actuarial Office within the Financial Regulation Division. The email and physical address for filing these documents is provided below. Please note that filing through email is encouraged.

Electronically	<a href="mailto:ActuarialDivision@tdi.texas.gov">ActuarialDivision@tdi.texas.gov</a>
By Mail	Actuarial Office MC-FRD Texas Department of Insurance P.O. Box 12030 Austin, TX 78711-2030

### **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. Note that the May 1 deadline for the appointed actuary to have completed the Actuarial Memorandum is not directly considered in VM-30, unlike the P&C, Health and Title statements. There is a regulatory expectation that the appointed actuary for a LA&H insurer would follow a similar timeline and target a May 1 deadline for internal completion of the Actuarial Memorandum.

Actuarial Guideline LIII (AG53) requires additional documentation to be included within the Actuarial Memorandum or provided separately in a standalone memorandum. Guidance is found in AG53, with the reporting requirements specified in Section 6. Since the reporting required by AG53 is considered an extension of the Actuarial Memorandum in support of the Statement of Actuarial Opinion, the same filing requirements are applicable for AG53 reporting. AG53 Section 6.A does specify that the reporting is prepared with a due date of April 1. In this case, for companies that are subject to AG53 reporting, there is a regulatory expectation that the appointed actuary would target an April 1 deadline for internal completion of the AG53 reporting.

Actuarial Guideline LV (AG55) requires additional documentation to be included within the Actuarial Memorandum or provided separately in a standalone memorandum. Guidance is found in AG55, with the reporting requirements specified in Section 9. Since the reporting required by AG55 is considered an extension of the Actuarial Memorandum in support of the Statement of Actuarial Opinion, the same filing requirements are applicable for AG55 reporting. AG55 Section 9.A does specify that the reporting is prepared with a due date of April 1. In this case, for companies that are subject to AG55 reporting, there is a regulatory expectation that the appointed actuary would target an April 1 deadline for internal completion of the AG55 reporting.

***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.

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

The RAAIS is required to be submitted directly to the Actuarial Office by April 1st (May 1<sup>st</sup> for Stipulated Premium Companies). The AOS is required to be submitted directly to the Actuarial Office by March 15<sup>th</sup>.

Please submit summaries directly to the Actuarial Office at [ActuarialDivision@tdi.texas.gov](mailto:ActuarialDivision@tdi.texas.gov).

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 the 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**

The PBR Actuarial Report Executive Summary, Life Summary, and VA Summary are required to be filed directly to the Actuarial Office by April 1st. The Life Report and VA Report are also requested to be submitted by domestic companies by April 1st. Thus, the complete PBR Actuarial Report is requested to be submitted by domestic companies by April 1st. Please submit reports directly to the Actuarial Office at [ActuarialDivision@tdi.texas.gov](mailto:ActuarialDivision@tdi.texas.gov).

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 by the Valuation Manual 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. We are requesting the entire PBR Actuarial Report be submitted by domestic companies by April 1<sup>st</sup>.

Please note that Companies that are exempted from performing Life PBR valuation under VM Sec. II, Subsection 1.G (“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, VA Summary, and VA Report if they have business subject to VM-21.

This filing is not necessary if a company does not have business subject to VM-20 or VM-21.

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**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.

Please submit notifications directly to the Actuarial Office at [ActuarialDivision@tdi.texas.gov](mailto:ActuarialDivision@tdi.texas.gov).

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 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.

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**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).

Send requests directly to the Actuarial Office at [ActuarialDivision@tdi.texas.gov](mailto:ActuarialDivision@tdi.texas.gov).

***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 requests directly to the Actuarial Office at [ActuarialDivision@tdi.texas.gov](mailto:ActuarialDivision@tdi.texas.gov).

***Life PBR Exemption***

A company meeting all of the conditions in VM Sec. II, Subsection 1.G 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 prior to July 1<sup>st</sup> of the calendar year for which the exemption is to be claimed. The Commissioner may deny the exemption prior to September 1<sup>st</sup> and require the company to follow the requirements of VM-20 for the ordinary life policies. After an initial statement of exemption is filed and not denied, a company may use an “ongoing statement of exemption” as outlined in VM Sec. II, Subsection 1.G, rather than actively filing subsequent statements of exemption.

Send requests directly to the Actuarial Office at [ActuarialDivision@tdi.texas.gov](mailto:ActuarialDivision@tdi.texas.gov). Click here for the Life PBR Exemption form ([FIN231](#)) or Annuity PBR Exemption form ([FIN230](#))

**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 1<sup>st</sup> of the calendar year for which the exemption is to be claimed. The Commissioner may deny the exemption prior to December 31<sup>st</sup>. 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 requests directly to the Actuarial Office at [ActuarialDivision@tdi.texas.gov](mailto:ActuarialDivision@tdi.texas.gov). Click here for Actuarial Opinion Waiver Affidavit ([FIN233](#))

**Actuarial Opinion Exemptions – Health Maintenance Organizations (HMOs)**

An HMO 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 1<sup>st</sup> of the calendar year for which the exemption is to be claimed. The Commissioner may deny the exemption prior to December 31<sup>st</sup>. 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 Health Annual Statement Instructions.

Send requests directly to the Actuarial Office at [ActuarialDivision@tdi.texas.gov](mailto:ActuarialDivision@tdi.texas.gov). Click here for Actuarial Opinion Waiver Affidavit ([FIN233](#))

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**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 requests directly to the Actuarial Office at [ActuarialDivision@tdi.texas.gov](mailto:ActuarialDivision@tdi.texas.gov).

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