



Date: March 12, 2020

To: Tennessee domestic insurers subject to the Standard Valuation Law, Tenn. Code Ann. § 56

From: Financial Affairs Section

Subject: Non-Issuance of Certificate of Valuation (CoV) for 2019 valuations and thereafter

Purpose

To notify Tennessee domestic insurers that have life insurance, annuity and pure endowment, accident and health, and deposit-type contracts subject to the Standard Valuation Law (SVL) under Tennessee Code Annotated Title 56, that the Tennessee Department of Commerce & Insurance (TDCI) will no longer issue a Certificate of Valuation (CoV) for reserves effective with the 2019 annual statement.

Instead of a CoV issued by TDCI, Tennessee domestic insurers shall provide to other regulatory jurisdictions who request the CoV a copy of this letter and a copy of the Statement of Actuarial Opinion (AO) issued by the appointed actuary. The AO replaces the CoV as the commissioner causes reserves to be valued pursuant to requiring the AO. Any AO provided to such jurisdictions would have the required opinion statement that says that the reserves *"Meet the requirements of the Insurance Law and regulation of the state of [state of domicile]; and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed."* If the AO is not able to provide this statement then the domestic insurer must notify TDCI using the contact information below where the department will work with the domestic insurer and other regulatory jurisdiction(s) to address. Any jurisdictions who request the certificate of valuation may also use this contact information provided below should they have any questions.

Background

Tennessee and many other states recently enacted revisions to the Model Standard Valuation Law (MDL-820) that enabled the use of the Valuation Manual (VM) and Principles Based Reserves (PBR). The SVL was modified to remove requirements relating to a certificate of valuation and relating to certifying reserves. Language indicating that the Commissioner *"shall annually value, or cause to be valued, the reserve liabilities"* was retained and is satisfied by requiring the AO. The AO must state that the reserves *"Meet the requirements of the Insurance Law and regulation of the state of [state of domicile]; and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed."* Meeting the minimum aggregate amounts required by the state in which this statement is filed supports the SVL requirement that, *"In lieu of the valuation of the reserves required of a foreign or alien company, the commissioner may accept a valuation made, or caused to be made, by the insurance supervisory official of another state if the valuation complies with the minimum standard"* of that state.

Contact Information for Questions

Please direct any questions to the TDCI Financial Affairs Section within the Division of Insurance by email to NoticeTo.TDCI@tn.gov or by phone at (615)741-1670.