




Illinois Department of Insurance

JB PRITZKER
Governor

ROBERT H. MURIEL
Director

TO: Chief Actuaries of Life/Accident and Health Insurance Companies and Fraternal Organizations Licensed in Illinois

FROM: Robert Muriel, Director of Insurance 

DATE: December 8, 2020

**RE: Company Bulletin 2020-18
Comments Concerning Valuation Manual**

1. The three-year transition period for the Valuation Manual (VM) expired on December 31, 2019. All Illinois domestic life companies subject to the Valuation Manual provisions must perform principles-based reserving (PBR) for their ordinary life policies¹, issued directly or assumed during 2020 and later calendar years, that would otherwise be subject to VM-20.
 - a. If a life company satisfies the “Life PBR Exemption” criteria specified in the current edition of the VM and wants to be exempted, the company must file a statement of exemption with the domiciliary commissioner prior to July 1 of that year certifying the “life PBR Exemption” condition in the current edition of the VM was met based on premiums from the prior calendar year annual statement. Please forward the statement of exemption to Thomas Leong at Thomas.Leong@illinois.gov. The statement of exemption must also be included with the NAIC filing for the second quarter of that year.
 - b. Each exemption, or lack of an exemption, applies only to policies issued or assumed in the current year, and it applies to all future valuation dates for those policies. The minimum reserve requirements for the ordinary life policies subject to the exemption are those pursuant to applicable methods required in VM-A and

¹ Except for universal life policies with secondary guarantee which do not meet the definition of “non-material secondary guarantee” stated in the Valuation Manual.

VM-C using the mortality as defined in VM-20 Section 3.C.1 and VM-M Section 1.H.

2. The Executive Summary, Life Summary and VA Summary of the PBR Actuarial Report, as provided in Section 3.B, Section 3.C and Section 3.E of the VM, shall be submitted to the company's domiciliary commissioner no later than April 1 of the year following the year to which the PBR Actuarial Report applies. The entire PBR Actuarial Report, as provided by the entirety of Section 3 of VM, shall be submitted upon request to the company's domiciliary commissioner no later than April 1 of the year following the year to which the PBR Actuarial Report applies or within 30 days, if requested after April 1. Similarly, the company shall submit the entire PBR Actuarial Report or the Executive Summary, Life Summary and VA Summary upon request, to the commissioner of any other jurisdiction in which the company is licensed.

This is expected to be the final year of what has been the Life and Health Actuarial Company Bulletin. In future years topics will be incorporated into the Annual Filing Checklist on the Department website at

https://insurance.illinois.gov/Regulatory_Filings/annualStatements/lifedom/2020/lifedom1.pdf.