STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
DIVISION OF INSURANCE
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243
TELEPHONE: (615) 741-2199

Bulletin 16-01

To: All Tennessee Insurance Companies Writing Life Insurance Contracts, Accident and Health Insurance Contracts, and Deposit-Type Contracts

From: Julie Mix McPeak, Commissioner Julie Mix McPeak

Re: 2017 Operative Date of the Principle-Based Valuation Manual

Date: June 13, 2016

The Tennessee Standard Valuation Law (SVL), Tenn. Code Ann. §§ 56-1-901, *et seq.*, establishes a principle-based methodology applicable, subject to specified exemptions, to life, accident and health, and deposit-type insurance contracts following the "operative date" of the uniform valuation manual, as adopted by the National Association of Insurance Commissioners (NAIC).

To ensure uniform and simultaneous implementation by participating states, the SVL instructs that the evaluation manual will only become operative once a sufficient number of states have adopted substantially similar valuation laws prior to July 1 of the year preceding the operative date. Pursuant to Tenn. Code Ann. § 56-1-914(b), the operative date shall be the first day of January of the first calendar year after the first July 1 subsequent to the occurrence of all of the following events:

(1) The valuation manual has been adopted by the NAIC by an affirmative vote of at least forty-two (42) members, or three-fourths (¾) 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.

The NAIC adopted the valuation manual on December 2, 2012, with forty-three (43) member jurisdictions voting affirmatively. Additionally, in 2016, the number of states having adopted principle-based valuation laws at a state level reached the requisite supermajority. As of today, forty-five (45) states, including Tennessee, have advised the NAIC they have enacted laws substantially similar to the model SVL, including language using the same three (3) triggers to define the operative date, and these states represent more than seventy-nine percent (79%) of the applicable premium volume. On Friday, June 10, 2016, after conducting an extensive analysis of these states' laws, the state and jurisdictional members of the NAIC voted unanimously to recognize all three (3) triggers defining the operative date have been satisfied.

Accordingly, I hereby determine the operative date of the uniform valuation manual, for purposes of the Tennessee Standard Valuation Law, Tenn. Code Ann. §§ 56-1-901, *et seq.*, is January 1, 2017.