



INFORMATIONAL MEMORANDUM

OIR-16-05M

ISSUED

August 8, 2016

Florida Office of Insurance Regulation

David Altmaier, Commissioner

TO ALL LIFE AND HEALTH INSURERS AUTHORIZED TO DO BUSINESS IN FLORIDA

Implementation of Principle Based Reserving in Florida

Section 625.1212, Florida Statutes, provides that changes to the valuation of policies and contracts for life insurance, accident and health insurance and deposit-type contracts will be effective in Florida the later of January 1, 2017 or the January 1 immediately following the July 1 that Florida's Insurance Commissioner certifies to the Financial Service Commission that the statutory conditions prescribed in Section 625.1212(2)(f) have been met. That certification was made on June 14, 2016; therefore, the operative date of the Valuation Manual in Florida is January 1, 2017.

Insurers are advised to review the Valuation Manual and plan how best to implement its requirements. To provide a smooth transition to a principle-based valuation approach, the Valuation Manual permits a deferral of up to three years. If a company defers principle-based valuation, it may use the current formulaic approach in the Valuation Manual for policies issued during the deferral period.

Each Florida domestic Life and Health Insurer subject to 625.1212, Florida Statutes, must notify the Office by September 1, 2016, whether it will:

1. Request a Companywide Exemption for 2017 per Section 6.A of Chapter 20 of the Valuation Manual (VM-20); or
2. Use Appendix A and C of the Valuation Manual and if so, provide the anticipated mortality basis (i.e. company experience, 2017 CSO, etc.); or
3. Calculate reserves per the requirement of VM-20.

Notifications should be directed to PBR@flor.com.

If you have any questions regarding the contents of this Memorandum, please contact Eric Johnson, PhD, ASA, Chief Actuary & Director, Life & Health Product Review, Florida Office of Insurance Regulation at Eric.Johnson@flor.com or (850) 413-5059.