
SENATE BILL 5180

State of Washington

64th Legislature

2015 Regular Session

By Senators Benton, Mullet, Angel, Hobbs, Hargrove, and Keiser; by request of Insurance Commissioner

1 AN ACT Relating to modernizing life insurance reserve
2 requirements; amending RCW 48.74.010, 48.74.020, 48.74.025,
3 48.74.030, 48.74.050, 48.74.060, 48.74.070, 48.74.090, 48.76.010,
4 48.76.050, and 42.56.400; reenacting and amending RCW 42.56.400;
5 adding new sections to chapter 48.74 RCW; providing effective dates;
6 and providing an expiration date.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 **Sec. 1.** RCW 48.74.010 and 1982 1st ex.s. c 9 s 1 are each
9 amended to read as follows:

10 This chapter may be known and cited as the standard valuation
11 law. (~~As used in this chapter, "NAIC" means the National Association~~
12 ~~of Insurance Commissioners.~~)

13 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.74
14 RCW to read as follows:

15 Beginning on the operative date of the valuation manual, the
16 definitions in this section apply throughout this chapter unless the
17 context clearly requires otherwise.

18 (1) "Appointed actuary" means a qualified actuary who is
19 appointed in accordance with the valuation manual to prepare the
20 actuarial opinion required in section 6 of this act.

1 (2) "Company" means an entity, that:
2 (a) Has written, issued, or reinsured life insurance contracts,
3 disability insurance contracts, or deposit-type contracts in this
4 state and has at least one such policy in force or on claim; or
5 (b) Has written, issued, or reinsured life insurance contracts,
6 disability insurance contracts, or deposit-type contracts in any
7 state and is required to hold a certificate of authority to write
8 life insurance, disability insurance, or deposit-type contracts in
9 this state.

10 (3) "Deposit-type contract" means contracts that do not
11 incorporate mortality or morbidity risks and as may be specified in
12 the valuation manual.

13 (4) "Disability insurance," which also may be known in the
14 industry as "accident and health insurance," means contracts that
15 incorporate morbidity risk and provide protection against economic
16 loss resulting from accident, sickness, or medical conditions and as
17 may be specified in the valuation manual.

18 (5) "Life insurance" means contracts that incorporate mortality
19 risk, including annuity and pure endowment contracts, and as may be
20 specified in the valuation manual.

21 (6) "NAIC" means the national association of insurance
22 commissioners.

23 (7) "Policyholder behavior" means any action a policyholder,
24 contract holder, or any other person with the right to elect options,
25 such as a certificate holder, may take under a policy or contract
26 subject to this chapter including, but not limited to, lapse,
27 withdrawal, transfer, deposit, premium payment, loan, annuitization,
28 or benefit elections prescribed by the policy or contract but
29 excluding events of mortality or morbidity that result in benefits
30 prescribed in their essential aspects by the terms of the policy or
31 contract.

32 (8) "Principle-based valuation" means a reserve valuation that
33 uses one or more methods or one or more assumptions determined by the
34 insurer and is required to comply with section 14 of this act as
35 specified in the valuation manual.

36 (9) "Qualified actuary" means an individual who is qualified to
37 sign the applicable statement of actuarial opinion in accordance with
38 the American academy of actuaries qualification standards for
39 actuaries signing such statements and who meets the requirements
40 specified in the valuation manual.

1 (10) "Tail risk" means a risk that occurs either where the
2 frequency of low probability events is higher than expected under a
3 normal probability distribution or where there are observed events of
4 very significant size or magnitude.

5 (11) "Valuation manual" means the manual of valuation
6 instructions adopted by the NAIC as specified in this chapter.

7 **Sec. 3.** RCW 48.74.020 and 1982 1st ex.s. c 9 s 2 are each
8 amended to read as follows:

9 This section applies to policies and contracts issued prior to
10 the operative date of the valuation manual.

11 (1) The commissioner shall annually value, or cause to be valued,
12 the reserve liabilities, hereinafter called reserves, for all
13 outstanding life insurance policies and annuity and pure endowment
14 contracts of every life insurance company doing business in this
15 state(~~(, and may certify the amount of any such reserves, specifying~~
16 ~~the mortality table or tables, rate or rates of interest, and~~
17 ~~methods, including net level premium method or other, used in the~~
18 ~~calculation of such reserves)) issued on or after July 10, 1982, and
19 prior to the operative date of the valuation manual. In calculating
20 such reserves, the commissioner may use group methods and approximate
21 averages for fractions of a year or otherwise. In lieu of the
22 valuation of the reserves herein required of any foreign or alien
23 company, the commissioner may accept any valuation made, or caused to
24 be made, by the insurance supervisory official of any state or other
25 jurisdiction when such valuation complies with the minimum standard
26 provided in this chapter (~~(and if the official of such state or~~
27 ~~jurisdiction accepts as sufficient and valid for all legal purposes~~
28 ~~the certificate of valuation of the commissioner when such~~
29 ~~certificate states the valuation to have been made in a specified~~
30 ~~manner according to which the aggregate reserves would be at least as~~
31 ~~large as if they had been computed in the manner prescribed by the~~
32 ~~law of that state or jurisdiction)).~~~~

33 (2) RCW 48.74.030 through 48.74.090 apply to all policies and
34 contracts, as appropriate, subject to this chapter issued on or after
35 July 10, 1982, and prior to the operative date of the valuation
36 manual and sections 13 and 14 of this act do not apply to any such
37 policies and contracts.

1 (3) The minimum standard for valuation of policies and contracts
2 issued prior to July 10, 1982, is that provided by the laws
3 immediately prior to that date.

4 NEW SECTION. Sec. 4. A new section is added to chapter 48.74
5 RCW to read as follows:

6 This section applies to policies and contracts issued on or after
7 the operative date of the valuation manual.

8 (1) The commissioner shall annually value, or cause to be valued,
9 the reserve liabilities, called reserves, for all outstanding life
10 insurance contracts, annuity and endowment contracts, disability
11 contracts, and deposit-type contracts of every company issued on or
12 after the operative date of the valuation manual. In lieu of the
13 valuation of the reserves required of a foreign or alien company, the
14 commissioner may accept a valuation made, or caused to be made, by
15 the insurance supervisory official of any state, or other
16 jurisdiction when the valuation complies with the minimum standard
17 provided in this chapter.

18 (2) Sections 13 and 14 of this act apply to all policies and
19 contracts issued on or after the operative date of the valuation
20 manual.

21 **Sec. 5.** RCW 48.74.025 and 1993 c 462 s 85 are each amended to
22 read as follows:

23 This section applies to actuarial opinions prior to the operative
24 date of the valuation manual.

25 (1) Every life insurance company doing business in this state
26 shall annually submit the opinion of a qualified actuary as to
27 whether the reserves and related actuarial items held in support of
28 the policies and contracts specified by the commissioner by rule are
29 computed appropriately, are based on assumptions that satisfy
30 contractual provisions, are consistent with prior reported amounts,
31 and comply with applicable laws of this state. The commissioner by
32 rule shall define the specifics of this opinion and add any other
33 items deemed to be necessary to its scope.

34 (2) Actuarial analysis of reserves and assets supporting
35 reserves.

36 (a) Every life insurance company, except as exempted by rule,
37 shall also include in the opinion required under subsection (1) of
38 this section an opinion as to whether the reserves and related

1 actuarial items held in support of the policies and contracts
2 specified by the commissioner by rule, when considered in light of
3 the assets held by the company with respect to the reserves and
4 related actuarial items, including but not limited to the investment
5 earnings on the assets and the considerations anticipated to be
6 received and retained under the policies and contracts, make adequate
7 provision for the company's obligations under the policies and
8 contracts, including but not limited to the benefits under and
9 expenses associated with the policies and contracts.

10 (b) The commissioner may provide by rule for a transition period
11 for establishing higher reserves that the qualified actuary may deem
12 necessary in order to render the opinion required by this section.

13 (3) Each opinion required under subsection (2) of this section is
14 governed by the following provisions:

15 (a) A memorandum, in form and substance acceptable to the
16 commissioner as specified by rule, must be prepared to support each
17 actuarial opinion.

18 (b) If the insurance company fails to provide a supporting
19 memorandum at the request of the commissioner within a period
20 specified by rule or if the commissioner determines that the
21 supporting memorandum provided by the insurance company fails to meet
22 the standards prescribed by the rules or is otherwise unacceptable to
23 the commissioner, the commissioner may engage a qualified actuary at
24 the expense of the company to review the opinion and the basis for
25 the opinion and prepare such supporting memorandum as is required by
26 the commissioner.

27 ~~(4) ((A memorandum in support of the opinion, and other material
28 provided by the company to the commissioner in connection with it,
29 must be kept confidential by the commissioner and may not be made
30 public and is not subject to subpoena, other than for the purpose of
31 defending an action seeking damages from any person by reason of an
32 action required by this section or by rules adopted under it.
33 However, the commissioner may otherwise release the memorandum or
34 other material (a) with the written consent of the company or (b) to
35 the American Academy of Actuaries upon request stating that the
36 memorandum or other material is required for the purpose of
37 professional disciplinary proceedings and setting forth procedures
38 satisfactory to the commissioner for preserving the confidentiality
39 of the memorandum or other material. Once any portion of the
40 confidential memorandum is cited by the company in its marketing or~~

1 ~~is cited before any governmental agency other than a state insurance~~
2 ~~department or is released by the company to the news media, all~~
3 ~~portions of the confidential memorandum are no longer confidential.~~

4 ~~(5) Each~~) Every opinion required under this section is governed
5 by the following provisions:

6 (a) The opinion must be submitted with the annual statement
7 reflecting the valuation of the reserve liabilities for each year
8 ending on or after December 31, 1994.

9 (b) The opinion applies to all business in force, including
10 individual and group disability insurance, in form and substance
11 acceptable to the commissioner as specified by rule.

12 (c) The opinion must be based on standards adopted (~~by the~~
13 ~~commissioner, who in setting the standards shall give due regard to~~
14 ~~the standards established~~) from time to time by the actuarial
15 standards board (~~or its successors~~) and on such additional
16 standards as the commissioner may prescribe by rule.

17 (d) In the case of an opinion required to be submitted by a
18 foreign or alien company, the commissioner may accept the opinion
19 filed by that company with the insurance supervisory official of
20 another state if the commissioner determines that the opinion
21 reasonably meets the requirements applicable to a company domiciled
22 in this state.

23 (e) For purposes of this section, "qualified actuary" means a
24 (~~person who meets qualifications set by the commissioner with due~~
25 ~~regard to the qualifications established for membership in~~) member
26 in good standing of the American Academy of Actuaries (~~or its~~
27 ~~successors~~) who meets the requirements set forth in rules adopted by
28 the commissioner.

29 (f) Except in cases of fraud or willful misconduct, the qualified
30 actuary is not liable for damages to any person, other than the
31 insurance company and the commissioner, for any act, error, omission,
32 decision, or conduct with respect to the actuary's opinion.

33 (g) Rules adopted by the commissioner shall define disciplinary
34 action by the commissioner against the company or the qualified
35 actuary.

36 NEW SECTION. Sec. 6. A new section is added to chapter 48.74
37 RCW to read as follows:

38 This section applies to actuarial opinions of reserves after the
39 operative date of the valuation manual.

1 (1) Every company with outstanding life insurance contracts,
2 accident and health insurance contracts, or deposit-type contracts in
3 this state and subject to regulation by the commissioner must
4 annually submit the opinion of the appointed actuary as to whether
5 the reserves and related actuarial items held in support of the
6 policies and contracts are computed appropriately, are based on
7 assumptions that satisfy contractual provisions, are consistent with
8 prior reported amounts, and comply with applicable laws of this
9 state. The valuation manual will prescribe the specifics of this
10 opinion including any items deemed to be necessary to its scope.

11 (2) Every company with outstanding life insurance contracts,
12 accident and health insurance contracts, or deposit-type contracts in
13 this state and subject to regulation by the commissioner, except as
14 exempted in the valuation manual, must also annually include in the
15 opinion required by subsection (1) of this section, an opinion of the
16 same appointed actuary as to whether the reserves and related
17 actuarial items held in support of the policies and contracts
18 specified in the valuation manual, when considered in light of the
19 assets held by the company with respect to the reserves and related
20 actuarial items, including but not limited to the investment earnings
21 on the assets and the considerations anticipated to be received and
22 retained under the policies and contracts, make adequate provision
23 for the company's obligations under the policies and contracts,
24 including but not limited to the benefits under and expenses
25 associated with the policies and contracts.

26 (3) Each opinion required by this section is governed by the
27 following:

28 (a) A memorandum, in form and substance as specified in the
29 valuation manual, and acceptable to the commissioner, must be
30 prepared to support each actuarial opinion.

31 (b) If the insurance company fails to provide a supporting
32 memorandum at the request of the commissioner within a period
33 specified in the valuation manual or the commissioner determines that
34 the supporting memorandum provided by the insurance company fails to
35 meet the standards prescribed by the valuation manual or is otherwise
36 unacceptable to the commissioner, the commissioner may engage a
37 qualified actuary at the expense of the company to review the opinion
38 and the basis for the opinion and prepare the supporting memorandum
39 required by the commissioner.

1 (4) Every opinion under this section is governed by the
2 following:

3 (a) The opinion must be in form and substance as specified in the
4 valuation manual and acceptable to the commissioner.

5 (b) The opinion must be submitted with the annual statement
6 reflecting the valuation of the reserve liabilities for each year
7 ending on or after the operative date of the valuation manual.

8 (c) The opinion must apply to all policies and contracts subject
9 to this section, plus other actuarial liabilities as may be specified
10 in the valuation manual.

11 (d) The opinion must be based on standards adopted from time to
12 time by the actuarial standards board or its successor, and on the
13 additional standards as may be prescribed in the valuation manual.

14 (e) In the case of an opinion required to be submitted by a
15 foreign or alien company, the commissioner may accept the opinion
16 filed by that company with the insurance supervisory official of
17 another state if the commissioner determines that the opinion
18 reasonably meets the requirements applicable to a company domiciled
19 in this state.

20 (f) Except in cases of fraud or willful misconduct, the appointed
21 actuary is not liable for damages to any person, other than the
22 insurance company and the commissioner, for any act, error, omission,
23 decision, or conduct with respect to the appointed actuary's opinion.

24 (g) Disciplinary action by the commissioner against the company
25 or the appointed actuary must be defined in rule by the commissioner.

26 NEW SECTION. **Sec. 7.** A new section is added to chapter 48.74
27 RCW to read as follows:

28 (1) Except as provided in subsections (5), (6), and (7) of this
29 section, documents, materials, or other information in the possession
30 or control of the commissioner that are a memorandum in support of
31 the opinion submitted to the commissioner under RCW 48.74.025, and
32 any other material provided by the company to the commissioner in
33 connection with the memorandum, is confidential by law and
34 privileged, is not subject to chapter 42.56 RCW, is not subject to
35 subpoena, and is not subject to discovery or admissible in evidence
36 in any private civil action. However, the commissioner is authorized
37 to use the documents, materials, or other information in the
38 furtherance of any regulatory or legal action brought as part of the
39 commissioner's official duties.

1 (2) Neither the commissioner nor any person who received the
2 documents, materials, or other information while acting under the
3 authority of the commissioner is permitted or required to testify in
4 any private civil action concerning any confidential documents,
5 materials, or information subject to subsection (1) of this section.

6 (3) In order to assist in the performance of the commissioner's
7 duties, the commissioner:

8 (a) May share documents, materials, or other information,
9 including the confidential and privileged documents, materials, or
10 other information subject to subsection (1) of this section with
11 other state, federal, and international regulatory agencies, with the
12 national association of insurance commissioners and its affiliates
13 and subsidiaries, and with state, federal, and international law
14 enforcement authorities. However, the recipient must agree to
15 maintain the confidentiality and privileged status of the document,
16 material, or other information;

17 (b) May receive documents, materials, or information, including
18 otherwise confidential and privileged documents, materials, or
19 information, from the national association of insurance commissioners
20 and its affiliates and subsidiaries, and from regulatory and law
21 enforcement officials of other foreign or domestic jurisdictions, and
22 must maintain as confidential or privileged any document, material,
23 or information received with notice or the understanding that it is
24 confidential or privileged under the laws of the jurisdiction that is
25 the source of the document, material, or information; and

26 (c) May enter into agreements governing sharing and use of
27 information consistent with subsections (1) and (2) of this section
28 and this subsection.

29 (4) No waiver of any applicable privilege or claim of
30 confidentiality in the documents, materials, or information may occur
31 as a result of disclosure to the commissioner under this section as a
32 result of sharing as authorized in subsection (3) of this section.

33 (5) A memorandum in support of the opinion, and any other
34 material provided by the company to the commissioner in connection
35 with the memorandum, may be subject to subpoena for the purpose of
36 defending an action seeking damages from the actuary submitting the
37 memorandum by reason of an action required by this section or by
38 rules adopted under this section.

39 (6) A memorandum or other material may otherwise be released by
40 the commissioner with the written consent of the company or to the

1 American academy of actuaries upon request stating that the
2 memorandum or other material is required for the purpose of
3 professional disciplinary proceedings and setting forth procedures
4 satisfactory to the commissioner for preserving the confidentiality
5 of the memorandum or other material.

6 (7) Once any portion of the confidential memorandum is cited by
7 the company in its marketing or is cited before a governmental agency
8 other than a state insurance department or is released by the company
9 to the news media, all portions of the confidential memorandum are no
10 longer confidential.

11 **Sec. 8.** RCW 48.74.030 and 1993 c 462 s 86 are each amended to
12 read as follows:

13 (1) Except as (~~otherwise~~) provided in subsections (2) and (3)
14 of this section, or in RCW 48.74.090, the minimum standard for the
15 valuation of all such policies and contracts issued prior to July 10,
16 1982, shall be that provided by the laws in effect immediately prior
17 to such date. Except as otherwise provided in subsections (2) and (3)
18 of this section, or in RCW 48.74.090, the minimum standard for the
19 valuation of all such policies and contracts issued on or after July
20 10, 1982, shall be the commissioner's reserve valuation methods
21 defined in RCW 48.74.040, 48.74.070, and 48.74.090, three and one-
22 half percent interest, or in the case of life insurance policies and
23 contracts, other than annuity and pure endowment contracts, issued on
24 or after July 16, 1973, four percent interest for such policies
25 issued prior to September 1, 1979, five and one-half percent interest
26 for single premium life insurance policies and four and one-half
27 percent interest for all other such policies issued on and after
28 September 1, 1979, and the following tables:

29 (a) For (~~all~~) ordinary policies of life insurance issued on the
30 standard basis, excluding any disability and accidental death
31 benefits in such policies—the commissioner's 1941 standard ordinary
32 mortality table for such policies issued prior to the operative date
33 of RCW (~~(48.23.350(5a))~~) 48.76.050(5) and the commissioner's 1958
34 standard ordinary mortality table for such policies issued on or
35 after such operative date and prior to the operative date of RCW
36 48.76.050(~~(+4)~~) (5), except that for any category of such policies
37 issued on female risks, all modified net premiums and present values
38 referred to in this chapter may be calculated according to an age not
39 more than six years younger than the actual age of the insured; and

1 for such policies issued on or after the operative date of RCW
2 48.76.050(~~(4)~~) (7):

3 (i) The commissioner's 1980 standard ordinary mortality table;
4 (~~(e)~~)

5 (ii) At the election of the company for any one or more specified
6 plans of life insurance, the commissioner's 1980 standard ordinary
7 mortality table with ten-year select mortality factors; or

8 (iii) Any ordinary mortality table, adopted after 1980 by the
9 national association of insurance commissioners, that is approved by
10 regulation promulgated by the commissioner for use in determining the
11 minimum standard of valuation for such policies.

12 (b) For all industrial life insurance policies issued on the
13 standard basis, excluding any disability and accidental death
14 benefits in such policies—the 1941 standard industrial mortality
15 table for such policies issued prior to the operative date of RCW
16 (~~(48.23.350(5b))~~) 48.76.050(6), and for such policies issued on or
17 after such operative date of RCW 48.76.050(6), the commissioner's
18 1961 standard industrial mortality table or any industrial mortality
19 table, adopted after 1980 by the national association of insurance
20 commissioners, that is approved by rule of the commissioner for use
21 in determining the minimum standard of valuation for such policies.

22 (c) For individual annuity and pure endowment contracts,
23 excluding any disability and accidental death benefits in such
24 policies—the 1937 standard annuity mortality table or, at the option
25 of the company, the annuity mortality table for 1949, ultimate, or
26 any modification of either of these tables approved by the
27 commissioner.

28 (d) For group annuity and pure endowment contracts, excluding any
29 disability and accidental death benefits in such policies—the group
30 annuity mortality table for 1951, any modification of such table
31 approved by the commissioner, or, at the option of the company, any
32 of the tables or modifications of tables specified for individual
33 annuity and pure endowment contracts.

34 (e) For total and permanent disability benefits in or
35 supplementary to ordinary policies or contracts—for policies or
36 contracts issued on or after January 1, 1966, the tables of period 2
37 disablement rates and the 1930 to 1950 termination rates of the 1952
38 disability study of the Society of Actuaries, with due regard to the
39 type of benefit or any tables of disablement rates and termination

1 rates, adopted after 1980 by the national association of insurance
2 commissioners, that are approved by regulation promulgated by the
3 commissioner for use in determining the minimum standard of valuation
4 for such policies; for policies or contracts issued on or after
5 January 1, 1961, and prior to January 1, 1966, either such tables or,
6 at the option of the company, the class (3) disability table (1926);
7 and for policies issued prior to January 1, 1961, the class (3)
8 disability table (1926). Any such table shall, for active lives, be
9 combined with a mortality table permitted for calculating the
10 reserves for life insurance policies.

11 (f) For accidental death benefits in or supplementary to policies
12 —for policies issued on or after January 1, 1966, the 1959 accidental
13 death benefits table or any accidental death benefits table, adopted
14 after 1980 by the national association of insurance commissioners,
15 that is approved by regulation promulgated by the commissioner for
16 use in determining the minimum standard of valuation for such
17 policies; for policies issued on or after January 1, 1961, and prior
18 to January 1, 1966, either such table or, at the option of the
19 company, the intercompany double indemnity mortality table; and for
20 policies issued prior to January 1, 1961, the intercompany double
21 indemnity mortality table. Either table shall be combined with a
22 mortality table permitted for calculating the reserves for life
23 insurance policies.

24 (g) For group life insurance, life insurance issued on the
25 substandard basis and other special benefits—such tables as may be
26 approved by the commissioner.

27 (2) Except as provided in subsection (3) of this section, the
28 minimum standard (~~((for the))~~) valuation (~~((of all))~~) for individual
29 annuity and pure endowment contracts issued on or after July 10,
30 1982, and for all annuities and pure endowments purchased on or after
31 such effective date under group annuity and pure endowment contracts,
32 shall be the commissioner's reserve valuation methods defined in RCW
33 48.74.040 and the following tables and interest rates:

34 (a) For individual annuity and pure endowment contracts issued
35 before September 1, 1979, excluding any disability and accidental
36 death benefit in such contracts—the 1971 individual annuity mortality
37 table, or any modification of this table approved by the
38 commissioner, and six percent interest for single premium immediate

1 annuity contracts, and four percent interest for all other individual
2 annuity and pure endowment contracts.

3 (b) For individual single premium immediate annuity contracts
4 issued on or after September 1, 1979, excluding any disability and
5 accidental death benefits in such contracts—the 1971 individual
6 annuity mortality table or any individual annuity mortality table,
7 adopted after 1980 by the national association of insurance
8 commissioners, that is approved by regulation promulgated by the
9 commissioner for use in determining the minimum standard of valuation
10 for such contracts, or any modification of these tables approved by
11 the commissioner, and seven and one-half percent interest.

12 (c) For individual annuity and pure endowment contracts issued on
13 or after September 1, 1979, other than single premium immediate
14 annuity contracts, excluding any disability and accidental death
15 benefits in such contracts—the 1971 individual annuity mortality
16 table or any individual annuity mortality table, adopted after 1980
17 by the national association of insurance commissioners, that is
18 approved by regulation promulgated by the commissioner for use in
19 determining the minimum standard of valuation for such contracts, or
20 any modification of these tables approved by the commissioner, and
21 five and one-half percent interest for single premium deferred
22 annuity and pure endowment contracts and four and one-half percent
23 interest for all other such individual annuity and pure endowment
24 contracts.

25 (d) For all annuities and pure endowments purchased prior to
26 September 1, 1979, under group annuity and pure endowment contracts,
27 excluding any disability and accidental death benefits purchased
28 under such contracts—the 1971 group annuity mortality table, or any
29 modification of this table approved by the commissioner, and six
30 percent interest.

31 (e) For all annuities and pure endowments purchased on or after
32 September 1, 1979, under group annuity and pure endowment contracts,
33 excluding any disability and accidental death benefits purchased
34 under such contracts—the 1971 group annuity mortality table or any
35 group annuity mortality table, adopted after 1980 by the national
36 association of insurance commissioners, that is approved by
37 regulation promulgated by the commissioner for use in determining the
38 minimum standard of valuation for such annuities and pure endowments,

1 or any modification of these tables approved by the commissioner, and
2 seven and one-half percent interest.

3 After July 16, 1973, any company may file with the commissioner a
4 written notice of its election to comply with the provisions of this
5 section after a specified date before January 1, 1979, which shall be
6 the operative date of this section for such company. If a company
7 makes no such election, the operative date of this section for such
8 company shall be January 1, 1979.

9 (3)(a) The interest rates used in determining the minimum
10 standard for the valuation of:

11 (i) ~~((All))~~ Life insurance policies issued in a particular
12 calendar year, on or after the operative date of RCW 48.76.050(~~((+4))~~)
13 (7);

14 (ii) ~~((All))~~ Individual annuity and pure endowment contracts
15 issued in a particular calendar year on or after January 1, 1982;

16 (iii) ~~((All))~~ Annuities and pure endowments purchased in a
17 particular calendar year on or after January 1, 1982, under group
18 annuity and pure endowment contracts; and

19 (iv) The net increase, if any, in a particular calendar year
20 after January 1, 1982, in amounts held under guaranteed interest
21 contracts shall be the calendar year statutory valuation interest
22 rates as defined in this section.

23 (b) The calendar year statutory valuation interest rates, I,
24 shall be determined as follows and the results rounded to the nearer
25 one-quarter of one percent:

26 (i) For life insurance:

$$27 \quad I = .03 + W (R_1 - .03) + W/2 (R_2 - .09);$$

28 (ii) For single premium immediate annuities and for annuity
29 benefits involving life contingencies arising from other annuities
30 with cash settlement options and from guaranteed interest contracts
31 with cash settlement options:

$$32 \quad I = .03 + W (R - .03)$$

33 where R_1 is the lesser of R and $.09$,

34 R_2 is the greater of R and $.09$,

35 R is the reference interest rate defined in this section, and

36 W is the weighting factor defined in this section;

37 (iii) For other annuities with cash settlement options and
38 guaranteed interest contracts with cash settlement options, valued on
39 an issue year basis, except as stated in (b)(ii) of this

1 ((subparagraph)) subsection, the formula for life insurance stated in
2 (b)(i) of this ((subparagraph)) subsection shall apply to annuities
3 and guaranteed interest contracts with guarantee durations in excess
4 of ten years and the formula for single premium immediate annuities
5 stated in (b)(ii) of this ((subparagraph)) subsection shall apply to
6 annuities and guaranteed interest contracts with guarantee duration
7 of ten years or less;

8 (iv) For other annuities with no cash settlement options and for
9 guaranteed interest contracts with no cash settlement options, the
10 formula for single premium immediate annuities stated in (b)(ii) of
11 this ((subparagraph)) subsection shall apply;

12 (v) For other annuities with cash settlement options and
13 guaranteed interest contracts with cash settlement options, valued on
14 a change in fund basis, the formula for single premium immediate
15 annuities stated in (b)(ii) of this ((subparagraph)) subsection shall
16 apply.

17 (c) However, if the calendar year statutory valuation interest
18 rate for any life insurance policies issued in any calendar year
19 determined without reference to this sentence differs from the
20 corresponding actual rate for similar policies issued in the
21 immediately preceding calendar year by less than one-half of one
22 percent, the calendar year statutory valuation interest rate for such
23 life insurance policies shall be equal to the corresponding actual
24 rate for the immediately preceding calendar year. For purposes of
25 applying the immediately preceding sentence, the calendar year
26 statutory valuation interest rate for life insurance policies issued
27 in a calendar year shall be determined for 1983 using the reference
28 interest rate defined for 1982 and shall be determined for each
29 subsequent calendar year regardless of when RCW 48.76.050((+4)) (7)
30 becomes operative.

31 (d) The weighting factors referred to in the formulas stated in
32 ((subparagraph)) (b) of this subsection are given in the following
33 tables:

34 (i) Weighting Factors for Life Insurance:

35	Guarantee Duration	Weighting
36	(Years)	Factors
37	10 or less	.50
38	More than 10, but not more than 20	.45
39	More than 20	.35

1 For life insurance, the guarantee duration is the maximum number
 2 of years the life insurance can remain in force on a basis guaranteed
 3 in the policy or under options to convert to plans of life insurance
 4 with premium rates or nonforfeiture values or both which are
 5 guaranteed in the original policy;

6 (ii) Weighting factor for single premium immediate annuities and
 7 for annuity benefits involving life contingencies arising from other
 8 annuities with cash settlement options and guaranteed interest
 9 contracts with cash settlement options: .80;

10 (iii) Weighting factors for other annuities and for guaranteed
 11 interest contracts, except as stated in (d)(ii) of this
 12 ((subparagraph)) subsection, shall be as specified in (d)(iii)(A),
 13 (B), and (C) of this subsection, according to the rules and
 14 definitions in (d)(iii)(D), (E), and (F) of this subsection:

15 (A) For annuities and guaranteed interest contracts valued on an
 16 issue year basis:

Guarantee Duration (Years)	Weighting Factor for Plan Type		
	A	B	C
5 or less:	.80	.60	.50
More than 5, but not more than 10:	.75	.60	.50
More than 10, but not more than 20:	.65	.50	.45
More than 20:	.45	.35	.35

24 (B) For annuities and guaranteed interest contracts valued on a
 25 change in fund basis, the factors shown in (d)(iii)(A) of this
 26 subsection increased by:

Plan Type	A	B	C
		.15	.25

30 (C) For annuities and guaranteed interest contracts valued on an
 31 issue year basis other than those with no cash settlement options
 32 which do not guarantee interest on considerations received more than
 33 one year after issue or purchase and for annuities and guaranteed
 34 interest contracts valued on a change in fund basis which do not
 35 guarantee interest rates on considerations received more than twelve
 36 months beyond the valuation date, the factors shown in (d)(iii)(A) of

1 this subsection or derived in (d)(iii)(B) of this subsection
2 increased by:

	Plan Type		
	A	B	C
3			
4			
5	.05	.05	.05

6 (D) For other annuities with cash settlement options and
7 guaranteed interest contracts with cash settlement options, the
8 guarantee duration is the number of years for which the contract
9 guarantees interest rates in excess of the calendar year statutory
10 valuation interest rate for life insurance policies with guarantee
11 duration in excess of twenty years. For other annuities with no cash
12 settlement options and for guaranteed interest contracts with no cash
13 settlement options, the guarantee duration is the number of years
14 from the date of issue or date of purchase to the date annuity
15 benefits are scheduled to commence.

16 (E) Plan type as used in the tables in (d)(iii)(A), (B), and (C)
17 of this subsection is defined as follows:

18 Plan Type A: At any time a policyholder may withdraw funds only:
19 (1) With an adjustment to reflect changes in interest rates or asset
20 values since receipt of the funds by the insurance company; or (2)
21 without such adjustment but in installments over five years or more;
22 or (3) as an immediate life annuity; or (4) no withdrawal permitted.

23 Plan Type B: Before expiration of the interest rate guarantee, a
24 policyholder may withdraw funds only: (1) With adjustment to reflect
25 changes in interest rates or asset values since receipt of the funds
26 by the insurance company; or (2) without such adjustment but in
27 installments over five years or more; or (3) no withdrawal permitted.
28 At the end of the interest rate guarantee, funds may be withdrawn
29 without such adjustment in a single sum or installments over less
30 than five years.

31 Plan Type C: A policyholder may withdraw funds before expiration
32 of the interest rate guarantee in a single sum or installments over
33 less than five years either: (1) Without adjustment to reflect
34 changes in interest rates or asset values since receipt of the funds
35 by the insurance company; or (2) subject only to a fixed surrender
36 charge stipulated in the contract as a percentage of the fund.

37 (F) A company may elect to value guaranteed interest contracts
38 with cash settlement options and annuities with cash settlement

1 options on either an issue year basis or on a change in fund basis.
2 Guaranteed interest contracts with no cash settlement options and
3 other annuities with no cash settlement options must be valued on an
4 issue year basis. As used in this section, an issue year basis of
5 valuation refers to a valuation basis under which the interest rate
6 used to determine the minimum valuation standard for the entire
7 duration of the annuity or guaranteed interest contract is the
8 calendar year valuation interest rate for the year of issue or year
9 of purchase of the annuity or guaranteed interest contract. The
10 change in fund basis of valuation refers to a valuation basis under
11 which the interest rate used to determine the minimum valuation
12 standard applicable to each change in the fund held under the annuity
13 or guaranteed interest contract is the calendar year valuation
14 interest rate for the year of the change in the fund.

15 (e) The reference interest rate referred to in (~~subparagraphs~~)
16 (b) and (c) of this subsection is defined as follows:

17 (i) For (~~all~~) life insurance, the lesser of the average over a
18 period of thirty-six months and the average over a period of twelve
19 months, ending on June 30th of the calendar year next preceding the
20 year of issue, of (~~Moody's corporate bond yield average monthly~~
21 ~~average corporates~~) the composite yield on seasoned corporate bonds,
22 as published by Moody's Investors Service, Inc.

23 (ii) For single premium immediate annuities and for annuity
24 benefits involving life contingencies arising from other annuities
25 with cash settlement options and guaranteed interest contracts with
26 cash settlement options, the average over a period of twelve months,
27 ending on June 30th of the calendar year of issue or year of purchase
28 of (~~Moody's corporate bond yield average monthly average~~
29 ~~corporates~~) the composite yield on seasoned corporate bonds, as
30 published by Moody's Investors Service, Inc.

31 (iii) For other annuities with cash settlement options and
32 guaranteed interest contracts with cash settlement options, valued on
33 a year of issue basis, except as stated in (e)(ii) of this
34 (~~subparagraph~~) subsection, with guarantee duration in excess of ten
35 years, the lesser of the average over a period of thirty-six months
36 and the average over a period of twelve months, ending on June 30th
37 of the calendar year of issue or purchase, of (~~Moody's corporate~~
38 ~~bond yield average~~) the monthly average (~~corporates~~) of the

1 composite yield on seasoned corporate bonds, as published by Moody's
2 Investors Service, Inc.

3 (iv) For other annuities with cash settlement options and
4 guaranteed interest contracts with cash settlement options, valued on
5 a year of issue basis, except as stated in (e)(ii) of this
6 (~~subparagraph~~) subsection, with guarantee duration of ten years or
7 less, the average over a period of twelve months, ending on June 30th
8 of the calendar year of issue or purchase, of (~~Moody's corporate~~
9 ~~bond yield average~~) the monthly average ((corporates)) of the
10 composite yield on seasoned corporate bonds, as published by Moody's
11 Investors Service, Inc.

12 (v) For other annuities with no cash settlement options and for
13 guaranteed interest contracts with no cash settlement options, the
14 average over a period of twelve months, ending on June 30th of the
15 calendar year of issue or purchase, of (~~Moody's corporate bond yield~~
16 ~~average~~) the monthly average ((corporates)) of the composite yield
17 on seasoned corporate bonds, as published by Moody's Investors
18 Service, Inc.

19 (vi) For other annuities with cash settlement options and
20 guaranteed interest contracts with cash settlement options, valued on
21 a change in fund basis, except as stated in (e)(ii) of this
22 (~~subparagraph~~) subsection, the average over a period of twelve
23 months, ending on June 30th of the calendar year of the change in the
24 fund, of (~~Moody's corporate bond yield average~~) the monthly
25 average ((corporates)) of the composite yield on seasoned corporate
26 bonds, as published by Moody's Investors Service, Inc.

27 (f) If (~~Moody's corporate bond yield average~~) the monthly
28 average ((corporates)) of the composite yield on seasoned corporate
29 bonds is no longer published by Moody's Investors Service, Inc., or
30 if the national association of insurance commissioners determines
31 that (~~Moody's corporate bond yield average~~) the monthly average
32 ((corporates)) of the composite yield on seasoned corporate bonds as
33 published by Moody's Investors Service, Inc. is no longer appropriate
34 for the determination of the reference interest rate, then an
35 alternative method for determination of the reference interest rate,
36 which is adopted by the national association of insurance
37 commissioners and approved by rule adopted by the commissioner, may
38 be substituted.

1 **Sec. 9.** RCW 48.74.050 and 1993 c 462 s 88 are each amended to
2 read as follows:

3 (1) In no event may a company's aggregate reserves for all life
4 insurance policies, excluding disability and accidental death
5 benefits, issued on or after July 10, 1982, be less than the
6 aggregate reserves calculated in accordance with the methods set
7 forth in RCW 48.74.040, 48.74.070, and 48.74.080 and the mortality
8 table or tables and rate or rates of interest used in calculating
9 nonforfeiture benefits for such policies.

10 (2) In no event may the aggregate reserves for all policies,
11 contracts, and benefits be less than the aggregate reserves
12 determined by the (~~qualified~~) appointed actuary to be necessary to
13 render the opinion required under RCW 48.74.025 and section 6 of this
14 act.

15 **Sec. 10.** RCW 48.74.060 and 1993 c 462 s 89 are each amended to
16 read as follows:

17 (1) Reserves for all policies and contracts issued prior to (~~the~~
18 ~~operative date of this chapter~~) July 10, 1982, may be calculated, at
19 the option of the company, according to any standards which produce
20 greater aggregate reserves for all such policies and contracts than
21 the minimum reserves required by the laws in effect immediately prior
22 to such date.

23 (2) Reserves for any category of policies, contracts, or benefits
24 as established by the commissioner, issued on or after July 10, 1982,
25 may be calculated, at the option of the company, according to any
26 standards which produce greater aggregate reserves for such category
27 than those calculated according to the minimum standard herein
28 provided, but the rate or rates of interest used for policies and
29 contracts, other than annuity and pure endowment contracts, shall not
30 be (~~higher~~) greater than the corresponding rate or rates of
31 interest used in calculating any nonforfeiture benefits provided
32 (~~therein~~) in the policies or contracts.

33 (~~Any such~~) (3) A company which adopts at any time (~~has~~
34 ~~adopted~~) any standard of valuation producing greater aggregate
35 reserves than those calculated according to the minimum standard
36 (~~herein provided~~) under this chapter may, adopt a lower standard of
37 valuation with the approval of the commissioner, (~~adopt any lower~~
38 ~~standard of valuation,~~) but not lower than the minimum (~~herein~~)
39 provided. For the purposes of this section, the holding of additional

1 reserves previously determined by ((a—qualified)) the appointed
2 actuary to be necessary to render the opinion required under RCW
3 48.74.025 and section 6 of this act is not to be the adoption of a
4 higher standard of valuation.

5 **Sec. 11.** RCW 48.74.070 and 1982 1st ex.s. c 9 s 7 are each
6 amended to read as follows:

7 If in any contract year the gross premium charged by ((any—life
8 insurance)) a company on any policy or contract is less than the
9 valuation net premium for the policy or contract calculated by the
10 method used in calculating the reserve thereon but using the minimum
11 valuation standards of mortality and rate of interest, the minimum
12 reserve required for such policy or contract shall be the greater of
13 either the reserve calculated according to the mortality table, rate
14 of interest, and method actually used for such policy or contract, or
15 the reserve calculated by the method actually used for such policy or
16 contract but using the minimum valuation standards of mortality and
17 rate of interest and replacing the valuation net premium by the
18 actual gross premium in each contract year for which the valuation
19 net premium exceeds the actual gross premium. The minimum valuation
20 standards of mortality and rate of interest referred to in this
21 section are those standards stated in RCW 48.74.030 (1) and (3):
22 PROVIDED, That for any life insurance policy issued on or after
23 January 1, 1986, for which the gross premium in the first policy year
24 exceeds that of the second year and for which no comparable
25 additional benefit is provided in the first year for such excess and
26 which provides an endowment benefit or a cash surrender value or a
27 combination thereof in an amount greater than such excess premium,
28 the foregoing provisions of this section shall be applied as if the
29 method actually used in calculating the reserve for such policy were
30 the method described in RCW 48.74.040, ignoring the second paragraph
31 of that section. The minimum reserve at each policy anniversary of
32 such a policy shall be the greater of the minimum reserve calculated
33 in accordance with RCW 48.74.040, including the second paragraph of
34 that section, and the minimum reserve calculated in accordance with
35 this section.

36 **Sec. 12.** RCW 48.74.090 and 1993 c 462 s 90 are each amended to
37 read as follows:

1 (~~The commissioner shall adopt rules containing the minimum~~
2 ~~standards applicable to the valuation of disability insurance.~~) For
3 disability insurance contracts issued on or after the operative date
4 of the valuation manual, the standard prescribed in the valuation
5 manual is the minimum standard of valuation required under section 4
6 of this act. For disability insurance contracts issued on or after
7 July 10, 1982, and prior to the operative date of the valuation
8 manual, the minimum standard of valuation is the standard adopted by
9 the commissioner by rule.

10 NEW SECTION. **Sec. 13.** A new section is added to chapter 48.74
11 RCW to read as follows:

12 (1) For policies issued on or after the operative date of the
13 valuation manual, the standard prescribed in the valuation manual is
14 the minimum standard of valuation required under section 4 of this
15 act, except as provided under subsection (5) or (7) of this section.

16 (2) The operative date of the valuation manual is January 1st of
17 the first calendar year following the first July 1st as of which all
18 of the following have occurred:

19 (a) The valuation manual has been adopted by the NAIC by an
20 affirmative vote of at least forty-two members, or three-fourths of
21 the members voting, whichever is greater.

22 (b) The standard valuation law, as amended by the NAIC in 2009,
23 or legislation including substantially similar terms and provisions,
24 has been enacted by states representing greater than seventy-five
25 percent of the direct premiums written as reported in the following
26 annual statements submitted for 2008: Life, accident and health
27 annual statements, health annual statements, or fraternal annual
28 statements.

29 (c) The standard valuation law, as amended by the NAIC in 2009,
30 or legislation including substantially similar terms and provisions,
31 has been enacted by at least forty-two of the following fifty-five
32 jurisdictions: The fifty states of the United States, American Samoa,
33 the American Virgin Islands, the District of Columbia, Guam, and
34 Puerto Rico.

35 (3) Unless a change in the valuation manual specifies a later
36 effective date, changes to the valuation manual are effective on
37 January 1st following the date when all of the following have
38 occurred: The change to the valuation manual has been adopted by the
39 NAIC by an affirmative vote representing:

1 (a) At least three-fourths of the members of the NAIC voting, but
2 not less than a majority of the total membership; and

3 (b) Members of the NAIC representing jurisdictions totaling
4 greater than seventy-five percent of the direct premiums written as
5 reported in the following annual statements most recently available
6 prior to the vote in (a) of this subsection: Life, accident and
7 health annual statements, health annual statements, or fraternal
8 annual statements.

9 (4) The valuation manual must specify all of the following:

10 (a) Minimum valuation standards for and definitions of the
11 policies or contracts subject to section 4 of this act. Such minimum
12 valuation standards shall be:

13 (i) The commissioner's reserve valuation method for life
14 insurance contracts, other than annuity contracts, subject to section
15 4 of this act;

16 (ii) The commissioners annuity reserve valuation method for
17 annuity contracts subject to section 4 of this act; and

18 (iii) Minimum reserves for all other policies or contracts
19 subject to section 4 of this act;

20 (b) Which policies or contracts or types of policies or contracts
21 that are subject to the requirements of a principle-based valuation
22 in section 14(1) of this act and the minimum valuation standards
23 consistent with those requirements;

24 (c) For policies and contracts subject to a principle-based
25 valuation under section 14 of this act:

26 (i) Requirements for the format of reports to the commissioner
27 under section 14(2)(c) of this act which must include information
28 necessary to determine if the valuation is appropriate and in
29 compliance with this chapter;

30 (ii) Assumptions must be prescribed for risks over which the
31 company does not have significant control or influence; and

32 (iii) Procedures for corporate governance and oversight of the
33 actuarial function, and a process for appropriate waiver or
34 modification of such procedures;

35 (d) For policies not subject to a principle-based valuation under
36 section 14 of this act, the minimum valuation standard must either:

37 (i) Be consistent with the minimum standard of valuation prior to
38 the operative date of the valuation manual; or

39 (ii) Develop reserves that quantify the benefits and guarantees,
40 and the funding, associated with the contracts and their risks at a

1 level of conservatism that reflects conditions that include
2 unfavorable events that have a reasonable probability of occurring;

3 (e) Other requirements, including, but not limited to, those
4 relating to reserve methods, models for measuring risk, generation of
5 economic scenarios, assumptions, margins, use of company experience,
6 risk measurement, disclosure, certifications, reports, actuarial
7 opinions and memorandums, transition rules, and internal controls;
8 and

9 (f) The data and form of the data required under section 15 of
10 this act, with whom the data must be submitted, and may specify other
11 requirements including data analyses and reporting of analyses.

12 (5) In the absence of a specific valuation requirement or if a
13 specific valuation requirement in the valuation manual is not, in the
14 opinion of the commissioner, in compliance with this chapter, then
15 the company must, with respect to such requirements, comply with
16 minimum valuation standards prescribed by the commissioner by rule.

17 (6) The commissioner may engage a qualified actuary, at the
18 expense of the company, to perform an actuarial examination of the
19 company and opine on the appropriateness of any reserve assumption or
20 method used by the company, or to review and opine on a company's
21 compliance with any requirement set forth in this chapter. The
22 commissioner may rely upon the opinion, regarding provisions
23 contained within this chapter, of a qualified actuary engaged by the
24 commissioner of another state, district, or territory of the United
25 States. As used in this subsection, "engage" includes employment and
26 contracting.

27 (7) The commissioner may require a company to change any
28 assumption or method that in the opinion of the commissioner is
29 necessary in order to comply with the requirements of the valuation
30 manual or this chapter; and the company must adjust the reserves as
31 required by the commissioner. The commissioner may take other
32 disciplinary action as permitted under this title.

33 NEW SECTION. **Sec. 14.** A new section is added to chapter 48.74
34 RCW to read as follows:

35 (1) A company must establish reserves using a principle-based
36 valuation that meets the following conditions for policies or
37 contracts as specified in the valuation manual:

38 (a) Quantify the benefits and guarantees, and the funding,
39 associated with the contracts and their risks at a level of

1 conservatism that reflects conditions that include unfavorable events
2 that have a reasonable probability of occurring during the lifetime
3 of the contracts. For policies or contracts with significant tail
4 risk, valuations must reflect conditions appropriately adverse to
5 quantify the tail risk.

6 (b) Incorporate assumptions, risk analysis methods, and financial
7 models and management techniques that are consistent with, but not
8 necessarily identical to, those utilized within the company's overall
9 risk assessment process, while recognizing potential differences in
10 financial reporting structures and any prescribed assumptions or
11 methods.

12 (c) Incorporate assumptions that are derived in one of the
13 following manners:

14 (i) The assumption is prescribed in the valuation manual.

15 (ii) For assumptions that are not prescribed, the assumptions
16 must:

17 (A) Be established utilizing the company's available experience,
18 to the extent it is relevant and statistically credible; or

19 (B) To the extent that company data is not available, relevant,
20 or statistically credible, be established utilizing other relevant,
21 statistically credible experience.

22 (d) Provide margins for uncertainty including adverse deviation
23 and estimation error, such that the greater the uncertainty the
24 larger the margin and resulting reserve.

25 (2) A company using a principle-based valuation for one or more
26 policies or contracts subject to this section as specified in the
27 valuation manual must:

28 (a) Establish procedures for corporate governance and oversight
29 of the actuarial valuation function consistent with those described
30 in the valuation manual.

31 (b) Provide to the commissioner and the board of directors an
32 annual certification of the effectiveness of the internal controls
33 with respect to the principle-based valuation. These controls must be
34 designed to assure that all material risks inherent in the
35 liabilities and associated assets subject to such valuation are
36 included in the valuation, and that valuations are made in accordance
37 with the valuation manual. The certification must be based on the
38 controls in place as of the end of the preceding calendar year.

1 (c) Develop, and file with the commissioner upon request, a
2 principle-based valuation report that complies with standards
3 prescribed in the valuation manual.

4 (3) A principle-based valuation may include a prescribed
5 formulaic reserve component.

6 NEW SECTION. **Sec. 15.** A new section is added to chapter 48.74
7 RCW to read as follows:

8 A company must submit mortality, morbidity, policyholder
9 behavior, or expense experience and other data as prescribed in the
10 valuation manual.

11 NEW SECTION. **Sec. 16.** A new section is added to chapter 48.74
12 RCW to read as follows:

13 (1) For purposes of this section, "confidential information"
14 means:

15 (a) A memorandum in support of an opinion submitted under RCW
16 48.74.025 and section 6 of this act and any other documents,
17 materials, and other information, including, but not limited to, all
18 working papers, and copies thereof, created, produced, or obtained by
19 or disclosed to the commissioner or any other person in connection
20 with such memorandum;

21 (b) All documents, materials, and other information, including,
22 but not limited to, all working papers, and copies thereof, created,
23 produced, or obtained by or disclosed to the commissioner or any
24 other person in the course of an examination made under section 13(6)
25 of this act. However, if an examination report or other material
26 prepared in connection with an examination made under chapter 48.03
27 RCW is not held as private and confidential information, an
28 examination report or other material prepared in connection with an
29 examination made under section 13(6) of this act is not "confidential
30 information" to the same extent as if such examination report or
31 other material had been prepared under chapter 48.03 RCW;

32 (c) Any reports, documents, materials, and other information
33 developed by a company in support of, or in connection with, an
34 annual certification by the company under section 14(2)(b) of this
35 act evaluating the effectiveness of the company's internal controls
36 with respect to a principle-based valuation and any other documents,
37 materials, and other information, including, but not limited to, all
38 working papers, and copies thereof, created, produced, or obtained by

1 or disclosed to the commissioner or any other person in connection
2 with such reports, documents, materials, and other information;

3 (d) Any principle-based valuation report developed under section
4 14(2)(c) of this act and any other documents, materials, and other
5 information, including, but not limited to, all working papers, and
6 copies thereof, created, produced, or obtained by or disclosed to the
7 commissioner or any other person in connection with such report; and

8 (e) Any documents, materials, data, and other information
9 submitted by a company under section 15 of this act (collectively,
10 "experience data") and any other documents, materials, data, and
11 other information, including, but not limited to, all working papers,
12 and copies thereof, created or produced in connection with such
13 experience data, in each case that include any potentially company
14 identifying or personally identifiable information, that is provided
15 to or obtained by the commissioner (together with any "experience
16 data," the "experience materials") and any other documents,
17 materials, data, and other information, including, but not limited
18 to, all working papers, and copies thereof, created, produced, or
19 obtained by or disclosed to the commissioner or any other person in
20 connection with such experience materials.

21 (2)(a) Except as provided in this section, a company's
22 confidential information is confidential by law and privileged, is
23 not subject to chapter 42.56 RCW, is not subject to subpoena, and is
24 not subject to discovery or admissible in evidence in any private
25 civil action. However, the commissioner is authorized to use the
26 confidential information in the furtherance of any regulatory or
27 legal action brought against the company as a part of the
28 commissioner's official duties.

29 (b) Neither the commissioner nor any person who received
30 confidential information while acting under the authority of the
31 commissioner is permitted or required to testify in any private civil
32 action concerning any confidential information.

33 (c) In order to assist in the performance of the commissioner's
34 duties, the commissioner may share confidential information:

35 (i) With other state, federal, and international regulatory
36 agencies and with the NAIC and its affiliates and subsidiaries;

37 (ii) In the case of confidential information specified in
38 subsection (1)(a) and (d) of this section only, with the actuarial
39 board for counseling and discipline or its successor upon request
40 stating that the confidential information is required for the purpose

1 of professional disciplinary proceedings and with state, federal, and
2 international law enforcement officials;

3 (iii) In the case of (c)(i) and (ii) of this subsection, when the
4 recipient agrees, and has the legal authority to agree, to maintain
5 the confidentiality and privileged status of such documents,
6 materials, data, and other information in the same manner and to the
7 same extent as required for the commissioner.

8 (d) The commissioner may receive documents, materials, data, and
9 other information, including otherwise confidential and privileged
10 documents, materials, data, or information, from the NAIC and its
11 affiliates and subsidiaries, from regulatory or law enforcement
12 officials of other foreign or domestic jurisdictions, and from the
13 actuarial board for counseling and discipline or its successor and
14 shall maintain as confidential or privileged any document, material,
15 data, or other information received with notice or the understanding
16 that it is confidential or privileged under the laws of the
17 jurisdiction that is the source of the document, material, data, or
18 other information.

19 (e) The commissioner may enter into agreements governing sharing
20 and use of information consistent with this subsection (2).

21 (f) No waiver of any applicable privilege or claim of
22 confidentiality in the confidential information may occur as a result
23 of disclosure to the commissioner under this section or as a result
24 of sharing as authorized in (c) of this subsection.

25 (g) A privilege established under the law of any state or
26 jurisdiction that is substantially similar to the privilege
27 established under this subsection (2) is available and shall be
28 enforced in any proceeding in, and in any court of, this state.

29 (h) In this section "regulatory agency," "law enforcement
30 agency," and the "NAIC" include, but are not limited to, their
31 employees, agents, consultants, and contractors.

32 (3) Notwithstanding subsection (2) of this section, any
33 confidential information specified in subsection (1)(a) and (d) of
34 this section:

35 (a) May be subject to subpoena for the purpose of defending an
36 action seeking damages from the appointed actuary submitting the
37 related memorandum in support of an opinion submitted under RCW
38 48.74.025 and section 6 of this act or principle-based valuation
39 report developed under section 14(2)(c) of this act by reason of an

1 action required by this chapter or by rules adopted under this
2 chapter;

3 (b) May otherwise be released by the commissioner with the
4 written consent of the company; and

5 (c) Once any portion of a memorandum in support of an opinion
6 submitted under RCW 48.74.025 and section 6 of this act or a
7 principle-based valuation report developed under section 14(2)(c) of
8 this act is cited by the company in its marketing or is publicly
9 volunteered to or before a governmental agency other than a state
10 insurance department or is released by the company to the news media,
11 all portions of such memorandum or report are no longer confidential.

12 **Sec. 17.** RCW 48.76.010 and 1982 1st ex.s. c 9 s 10 are each
13 amended to read as follows:

14 (1) This chapter may be known and cited as the standard
15 nonforfeiture law for life insurance.

16 (2) As used in this chapter(~~(7)~~):

17 (a) "NAIC" means the national association of insurance
18 commissioners.

19 (b) "Operative date of the valuation manual" means the January
20 1st of the first calendar year that the valuation manual as defined
21 in chapter 48.74 RCW is effective.

22 **Sec. 18.** RCW 48.76.050 and 1982 1st ex.s. c 9 s 14 are each
23 amended to read as follows:

24 ~~(1)(~~(a)~~)~~ This (~~(subsection)~~) section does not apply to policies
25 issued on or after the operative date of subsection (~~(4)~~) (7) of
26 this section. Except as provided in (~~(subparagraph (c) of this)~~)
27 subsection (3) of this section, the adjusted premiums for any policy
28 shall be calculated on an annual basis and shall be such uniform
29 percentage of the respective premiums specified in the policy for
30 each policy year, excluding amounts stated in the policy as extra
31 premiums to cover impairments or special hazards, that the present
32 value, at the date of issue of the policy, of all such adjusted
33 premiums shall be equal to the sum of:

34 ~~(~~(i)~~)~~ (a) The then present value of the future guaranteed
35 benefits provided for by the policy;

36 ~~(~~(ii)~~)~~ (b) Two percent of the amount of insurance, if the
37 insurance is uniform in amount, or of the equivalent uniform amount,

1 as (~~hereinafter~~) defined, if the amount of insurance varies with
2 duration of the policy;

3 ~~((iii))~~ (c) Forty percent of the adjusted premium for the first
4 policy year;

5 ~~((iv))~~ (d) Twenty-five percent of either the adjusted premium
6 for the first policy year or the adjusted premium for a whole life
7 policy of the same uniform or equivalent uniform amount with uniform
8 premiums for the whole of life issued at the same age for the same
9 amount of insurance, whichever is less(~~:-PROVIDED, That~~).

10 However, in applying the percentages specified in (~~subparagraph~~
11 ~~(a)(iii) and (iv)~~) (c) and (d) of this subsection, no adjusted
12 premium shall be deemed to exceed four percent of the amount of
13 insurance or level amount equivalent thereto. The date of issue of a
14 policy for the purpose of this section shall be the date as of which
15 the rated age of the insured is determined.

16 ~~((b))~~ (2) In the case of a policy providing an amount of
17 insurance varying with duration of the policy, the equivalent level
18 amount thereof for the purpose of this section shall be deemed to be
19 the level amount of insurance provided by an otherwise similar
20 policy, containing the same endowment benefit or benefits, if any,
21 issued at the same age and for the same term, the amount of which
22 does not vary with duration and the benefits under which have the
23 same present value at the inception of the insurance as the benefits
24 under the policy: PROVIDED HOWEVER, That in the case of a policy
25 providing a varying amount of insurance issued on the life of a child
26 under age ten, the equivalent uniform amount may be computed as
27 though the amount provided by the policy prior to the attainment of
28 age ten were the amount provided by such policy at age ten.

29 ~~((e))~~ (3) The adjusted premiums for any policy providing term
30 insurance benefits by rider or supplemental policy provision shall be
31 equal to:

32 ~~((i))~~ (a) The adjusted premiums for an otherwise similar policy
33 issued at the same age without such term insurance benefits,
34 increased, during the period for which premiums for such term
35 insurance benefits are payable, by

36 ~~((ii))~~ (b) The adjusted premiums for such term insurance, with
37 (~~subparagraph (c)(i) and (ii)~~) (a) and (b) of this subsection being
38 calculated separately and as specified in (~~subparagraphs (a) and (b)~~
39 ~~of this subsection~~) subsections (1) and (2) of this section except
40 that, for the purposes of (~~subparagraph (a)(ii), (a)(iii), and~~

1 ~~(a)(iv) of this subsection))~~ subsection (1)(b), (c), and (d) of this
2 section, the amount of insurance or equivalent uniform amount of
3 insurance used in the calculation of the adjusted premiums referred
4 to in ~~((subparagraph (c)(ii) of this))~~ (b) of this subsection shall
5 be equal to the excess of the corresponding amount determined for the
6 entire policy over the amount used in the calculation of the adjusted
7 premiums in ~~((subparagraph (c)(i) of this))~~ (a) of this subsection.

8 ~~((d))~~ (4) Except as otherwise provided in subsections ~~((+2))~~
9 (5) and ~~((+3))~~ (6) of this section, all adjusted premiums and
10 present values referred to in this chapter shall for all policies of
11 ordinary insurance be calculated on the basis of the commissioner's
12 1941 standard ordinary mortality table: PROVIDED, That for any
13 category of ordinary insurance issued on female risks on or after
14 July 1, 1957, adjusted premiums and present values may be calculated
15 according to an age not more than six years younger than the actual
16 age of the insured and such calculations for all policies of
17 industrial insurance shall be made on the basis of the 1941 standard
18 industrial mortality table. All calculations shall be made on the
19 basis of the rate of interest, not exceeding three and one-half
20 percent per annum, specified in the policy for calculating cash
21 surrender values and paid-up nonforfeiture benefits: PROVIDED, That
22 in calculating the present value of any paid-up term insurance with
23 accompanying pure endowment, if any, offered as a nonforfeiture
24 benefit, the rates of mortality assumed may be not more than one
25 hundred thirty percent of the rates of mortality according to such
26 applicable table: PROVIDED, FURTHER, That for insurance issued on a
27 substandard basis, the calculation of any such adjusted premiums and
28 present values may be based on such other table of mortality as may
29 be specified by the company and approved by the commissioner.

30 ~~((+2))~~ (5) This subsection does not apply to ordinary policies
31 issued on or after the operative date of subsection ~~((+4))~~ (7) of
32 this section. In the case of ordinary policies issued on or after the
33 operative date of this section, all adjusted premiums and present
34 values referred to in this chapter shall be calculated on the basis
35 of the commissioner's 1958 standard ordinary mortality table and the
36 rate of interest specified in the policy for calculating cash
37 surrender values and paid-up nonforfeiture benefits provided that
38 such rate of interest shall not exceed three and one-half percent per
39 annum except that a rate of interest not exceeding four percent per
40 annum may be used for policies issued on or after July 16, 1973, and

1 before September 1, 1979, and a rate of interest not exceeding five
2 and one-half percent per annum may be used for policies issued on or
3 after September 1, 1979, except that for any single premium whole
4 life or endowment insurance policy a rate of interest not exceeding
5 six and one-half percent per annum may be used and provided that for
6 any category of ordinary insurance issued on female risks, adjusted
7 premiums and present values may be calculated according to an age not
8 more than six years younger than the actual age of the insured:
9 PROVIDED, That in calculating the present value of any paid-up term
10 insurance with accompanying pure endowment, if any, offered as a
11 nonforfeiture benefit, the rates of mortality assumed may be not more
12 than those shown in the commissioner's 1958 extended term insurance
13 table: PROVIDED FURTHER, That for insurance issued on a substandard
14 basis, the calculation of any such adjusted premiums and present
15 values may be based on such other table of mortality as may be
16 specified by the company and approved by the commissioner.

17 After June 11, 1959, any company may file with the commissioner a
18 written notice of its election to comply with the provisions of this
19 section. After the filing of such notice, then upon such specified
20 date (which shall be the operative date of this section for such
21 company), this subsection shall become operative with respect to the
22 ordinary policies thereafter issued by such company. If a company
23 makes no such election, the operative date of this section for such
24 company shall be January 1, 1966.

25 ~~((+3))~~ (6) This subsection does not apply to industrial policies
26 issued on or after the operative date of subsection ~~((+4))~~ (7) of
27 this section. In the case of industrial policies issued on or after
28 the operative date of this chapter, all adjusted premiums and present
29 values referred to in this chapter shall be calculated on the basis
30 of the commissioner's 1961 standard industrial mortality table and
31 the rate of interest specified in the policy for calculating cash
32 surrender values and paid-up nonforfeiture benefits provided that
33 such rate of interest shall not exceed three and one-half percent per
34 annum, except that a rate of interest not exceeding four percent per
35 annum may be used for policies issued on or after July 16, 1973, and
36 prior to September 1, 1979, and a rate of interest not exceeding five
37 and one-half percent per annum may be used for policies issued on or
38 after September 1, 1979, except that for any single premium whole
39 life or endowment insurance policy a rate of interest not exceeding
40 six and one-half percent per annum may be used: PROVIDED, That in

1 calculating the present value of any paid-up term insurance with
2 accompanying pure endowment, if any, offered as a nonforfeiture
3 benefit, the rates of mortality assumed may be not more than those
4 shown in the commissioner's 1961 industrial extended term insurance
5 table: PROVIDED FURTHER, That for insurance issued on a substandard
6 basis, the calculations of any such adjusted premiums and present
7 values may be based on such other table of mortality as may be
8 specified by the company and approved by the commissioner.

9 After July 10, 1982, any company may file with the commissioner a
10 written notice of its election to comply with the provisions of this
11 section. After the filing of such notice, then upon such specified
12 date (which shall be the operative date of this section for such
13 company), this subsection shall become operative with respect to the
14 industrial policies thereafter issued by such company. If a company
15 makes no such election, the operative date of this section for such
16 company shall be January 1, 1968.

17 ~~((4))~~ (7)(a) This ~~((section))~~ subsection applies to all
18 policies issued on or after the operative date of this subsection as
19 defined herein. Except as provided in ~~((subparagraph))~~ (g) of this
20 subsection, the adjusted premiums for any policy shall be calculated
21 on an annual basis and shall be such uniform percentage of the
22 respective premiums specified in the policy for each policy year,
23 excluding amounts payable as extra premiums to cover impairments or
24 special hazards and also excluding any uniform annual contract charge
25 or policy fee specified in the policy in a statement of the method to
26 be used in calculating the cash surrender values and paid-up
27 nonforfeiture benefits, that the present value, at the date of issue
28 of the policy, of all adjusted premiums shall be equal to the sum of:
29 (i) The then present value of the future guaranteed benefits provided
30 for by the policy; (ii) one percent of either the amount of
31 insurance, if the insurance be uniform in amount, or the average
32 amount of insurance at the beginning of each of the first ten policy
33 years; and (iii) one hundred twenty-five percent of the nonforfeiture
34 net level premium as defined in ~~((subparagraph))~~ (b) of this
35 subsection: PROVIDED, That in applying the percentage specified in
36 (a)(iii) of this ~~((subparagraph))~~ subsection no nonforfeiture net
37 level premium shall be deemed to exceed four percent of either the
38 amount of insurance, if the insurance be uniform in amount, or the
39 average amount of insurance at the beginning of each of the first ten
40 policy years. The date of issue of a policy for the purpose of this

1 section shall be the date as of which the rated age of the insured is
2 determined.

3 (b) The nonforfeiture net level premium shall be equal to the
4 present value, at the date of issue of the policy, of the guaranteed
5 benefits provided for by the policy divided by the present value, at
6 the date of issue of the policy, of an annuity of one per annum
7 payable on the date of issue of the policy and on each anniversary of
8 such policy on which a premium falls due.

9 (c) In the case of policies which cause on a basis guaranteed in
10 the policy unscheduled changes in benefits or premiums, or which
11 provide an option for changes in benefits or premiums other than a
12 change to a new policy, the adjusted premiums and present values
13 shall initially be calculated on the assumption that future benefits
14 and premiums do not change from those stipulated at the date of issue
15 of the policy. At the time of any such change in the benefits or
16 premiums the future adjusted premiums, nonforfeiture net level
17 premiums and present values shall be recalculated on the assumption
18 that future benefits and premiums do not change from those stipulated
19 by the policy immediately after the change.

20 (d) Except as otherwise provided in (~~subparagraph~~) (g) of this
21 subsection, the recalculated future adjusted premiums for any such
22 policy shall be such uniform percentage of the respective future
23 premiums specified in the policy for each policy year, excluding
24 amounts payable as extra premiums to cover impairments and special
25 hazards, and also excluding any uniform annual contract charge or
26 policy fee specified in the policy in a statement of the method to be
27 used in calculating the cash surrender values and paid-up
28 nonforfeiture benefits, that the present value, at the time of change
29 to the newly defined benefits or premiums, of all such future
30 adjusted premiums shall be equal to the excess of:

31 (i) The sum of

32 (A) The then present value of the then future guaranteed benefits
33 provided for by the policy, and

34 (B) The additional expense allowance, if any, over

35 (ii) The then cash surrender value, if any, or present value of
36 any paid-up nonforfeiture benefit under the policy.

37 (e) The additional expense allowance, at the time of the change
38 to the newly defined benefits or premiums, shall be the sum of:

39 (i) One percent of the excess, if positive, of the average amount
40 of insurance at the beginning of each of the first ten policy years

1 subsequent to the change over the average amount of insurance prior
2 to the change at the beginning of each of the first ten policy years
3 subsequent to the time of the most recent previous change, or, if
4 there has been no previous change, the date of issue of the policy;
5 and

6 (ii) One hundred twenty-five percent of the increase, if
7 positive, in the nonforfeiture net level premium.

8 (f) The recalculated nonforfeiture net level premium shall be
9 equal to the result obtained by dividing (i) by (ii) where:

10 (i) Equals the sum of:

11 (A) The nonforfeiture net level premium applicable prior to the
12 change times the present value of an annuity of one per annum payable
13 on each anniversary of the policy on or subsequent to the date of the
14 change on which a premium would have fallen due had the change not
15 occurred; and

16 (B) The present value of the increase in future guaranteed
17 benefits provided for by the policy; and

18 (ii) Equals the present value of an annuity of one per annum
19 payable on each anniversary of the policy on or subsequent to the
20 date of change on which a premium falls due.

21 (g) Notwithstanding any other provisions of this section to the
22 contrary, in the case of a policy issued on a substandard basis which
23 provides reduced graded amounts of insurance so that, in each policy
24 year, such policy has the same tabular mortality cost as an otherwise
25 similar policy issued on the standard basis which provides higher
26 uniform amounts of insurance, adjusted premiums and present values
27 for such substandard policy may be calculated as if it were issued to
28 provide such higher uniform amounts of insurance on the standard
29 basis.

30 (h) All adjusted premiums and present values referred to in this
31 chapter shall for all policies of ordinary insurance be calculated on
32 the basis of the commissioner's 1980 standard ordinary mortality
33 table or at the election of the company for any one or more specified
34 plans of life insurance, the commissioner's 1980 standard ordinary
35 mortality table with ten-year select mortality factors, shall for all
36 policies of industrial insurance be calculated on the basis of the
37 commissioner's 1961 standard industrial mortality table, and shall
38 for all policies issued in a particular calendar year be calculated
39 on the basis of a rate of interest not exceeding the nonforfeiture

1 interest rate as defined in this section, for policies issued in that
2 calendar year, subject to the following provisions:

3 (i) At the option of the company, calculations for all policies
4 issued in a particular calendar year may be made on the basis of a
5 rate of interest not exceeding the nonforfeiture interest rate, as
6 defined in this section, for policies issued in the immediately
7 preceding calendar year.

8 (ii) Under any paid-up nonforfeiture benefit, including any paid-
9 up dividend additions, any cash surrender value available, whether or
10 not required by RCW 48.76.020, shall be calculated on the basis of
11 the mortality table and rate of interest used in determining the
12 amount of such paid-up nonforfeiture benefit and paid-up dividend
13 additions, if any.

14 (iii) A company may calculate the amount of any guaranteed paid-
15 up nonforfeiture benefit including any paid-up additions under the
16 policy on the basis of an interest rate no lower than that specified
17 in the policy for calculating cash surrender values.

18 (iv) In calculating the present value of any paid-up term
19 insurance with accompanying pure endowment, if any, offered as a
20 nonforfeiture benefit, the rates of mortality assumed may be not more
21 than those shown in the commissioner's 1980 extended term insurance
22 table for policies of ordinary insurance and not more than the
23 commissioner's 1961 industrial extended term insurance table for
24 policies of industrial insurance.

25 (v) For insurance issued on a substandard basis, the calculation
26 of any such adjusted premiums and present values may be based on
27 appropriate modifications of the aforementioned tables.

28 (vi) Any ordinary mortality tables, adopted after 1980 by the
29 national association of insurance commissioners, that are approved by
30 regulation promulgated by the commissioner for use in determining the
31 minimum nonforfeiture standard may be substituted for the
32 commissioner's 1980 standard ordinary mortality table with or without
33 ten-year select mortality factors or for the commissioner's 1980
34 extended term insurance table.

35 (vii) Any industrial mortality tables, adopted after 1980 by the
36 national association of insurance commissioners, that are approved by
37 regulation promulgated by the commissioner for use in determining the
38 minimum nonforfeiture standard may be substituted for the
39 commissioner's 1961 standard industrial mortality table or the
40 commissioner's 1961 industrial extended term insurance table.

1 (viii) For policies issued prior to the operative date of the
2 valuation manual, any commissioner's standard ordinary mortality
3 tables, adopted after 1980 by the national association of insurance
4 commissioners, that are approved by rules adopted by the commissioner
5 for use in determining the minimum nonforfeiture standard may be
6 substituted for the commissioners 1980 standard ordinary mortality
7 table with or without ten-year select mortality factors or for the
8 commissioners 1980 extended term insurance table.

9 For policies issued on or after the operative date of the
10 valuation manual, the valuation manual must provide the commissioners
11 standard mortality for use in determining the minimum nonforfeiture
12 standard that may be substituted for the commissioners 1980 standard
13 ordinary mortality table with or without ten-year select mortality
14 factors or for the commissioners 1980 extended term insurance table.
15 If the commissioner approves by rule any commissioners standard
16 ordinary mortality table adopted by the national association of
17 insurance commissioners for use in determining the minimum
18 nonforfeiture standard for policies issued on or after the operative
19 date of the valuation manual, then the minimum nonforfeiture standard
20 supersedes the minimum nonforfeiture standard provided by the
21 valuation manual.

22 (ix) For policies issued prior to the operative date of the
23 valuation manual, any commissioners standard industrial mortality
24 tables, adopted after 1980 by the national association of insurance
25 commissioners, that are approved by rule adopted by the commissioner
26 for use in determining the minimum nonforfeiture standard may be
27 substituted for the commissioners 1961 standard industrial mortality
28 table or the commissioners 1961 industrial extended term insurance
29 table.

30 For policies issued on or after the effective date of the
31 valuation manual, the valuation manual must provide the commissioners
32 standard mortality table for use in determining the minimum
33 nonforfeiture standard that may be substituted for the commissioners
34 1961 standard industrial mortality table or the commissioners 1961
35 industrial extended term insurance table. If the commissioner
36 approves by rule any commissioners standard industrial mortality
37 table adopted by the national association of insurance commissioners
38 for use in determining the minimum nonforfeiture standard for
39 policies issued on or after the operative date of the valuation

1 manual, then that minimum nonforfeiture standard supersedes the
2 minimum nonforfeiture standard provided by the valuation manual.

3 (i)(A) For policies issued prior to the operative date of the
4 valuation manual, the nonforfeiture interest rate per annum for any
5 policy issued in a particular calendar year shall be equal to one
6 hundred twenty-five percent of the calendar year statutory valuation
7 interest rate for such policy as defined in the standard valuation
8 law (chapter 48.74 RCW), rounded to the nearer one quarter of one
9 percent. However, the nonforfeiture interest rate shall not be less
10 than four percent.

11 (B) For policies issued on and after the operative date of the
12 valuation manual, the nonforfeiture interest rate per annum for any
13 policy issued in a particular calendar year must be provided by the
14 valuation manual.

15 (j) Notwithstanding any other provision in this title to the
16 contrary, any refiling of nonforfeiture values or their methods of
17 computation for any previously approved policy form which involves
18 only a change in the interest rate or mortality table used to compute
19 nonforfeiture values shall not require refiling of any other
20 provisions of that policy form.

21 (k) After July 10, 1982, any company may file with the
22 commissioner a written notice of its election to comply with the
23 (~~provision[s]~~) provisions of this section after a specified date
24 before January 1, 1989, which shall be the operative date of this
25 section for such company. If a company makes no such election, the
26 operative date of this section for such company shall be January 1,
27 1989.

28 **Sec. 19.** RCW 42.56.400 and 2013 c 277 s 5 and 2013 c 65 s 5 are
29 each reenacted and amended to read as follows:

30 The following information relating to insurance and financial
31 institutions is exempt from disclosure under this chapter:

32 (1) Records maintained by the board of industrial insurance
33 appeals that are related to appeals of crime victims' compensation
34 claims filed with the board under RCW 7.68.110;

35 (2) Information obtained and exempted or withheld from public
36 inspection by the health care authority under RCW 41.05.026, whether
37 retained by the authority, transferred to another state purchased
38 health care program by the authority, or transferred by the authority
39 to a technical review committee created to facilitate the

1 development, acquisition, or implementation of state purchased health
2 care under chapter 41.05 RCW;

3 (3) The names and individual identification data of either all
4 owners or all insureds, or both, received by the insurance
5 commissioner under chapter 48.102 RCW;

6 (4) Information provided under RCW 48.30A.045 through 48.30A.060;

7 (5) Information provided under RCW 48.05.510 through 48.05.535,
8 48.43.200 through 48.43.225, 48.44.530 through 48.44.555, and
9 48.46.600 through 48.46.625;

10 (6) Examination reports and information obtained by the
11 department of financial institutions from banks under RCW
12 (~~30.04.075~~) 30A.04.075, from savings banks under RCW 32.04.220,
13 from savings and loan associations under RCW 33.04.110, from credit
14 unions under RCW 31.12.565, from check cashers and sellers under RCW
15 31.45.030(3), and from securities brokers and investment advisers
16 under RCW 21.20.100, all of which is confidential and privileged
17 information;

18 (7) Information provided to the insurance commissioner under RCW
19 48.110.040(3);

20 (8) Documents, materials, or information obtained by the
21 insurance commissioner under RCW 48.02.065, all of which are
22 confidential and privileged;

23 (9) Confidential proprietary and trade secret information
24 provided to the commissioner under RCW 48.31C.020 through 48.31C.050
25 and 48.31C.070;

26 (10) Data filed under RCW 48.140.020, 48.140.030, 48.140.050, and
27 7.70.140 that, alone or in combination with any other data, may
28 reveal the identity of a claimant, health care provider, health care
29 facility, insuring entity, or self-insurer involved in a particular
30 claim or a collection of claims. For the purposes of this subsection:

31 (a) "Claimant" has the same meaning as in RCW 48.140.010(2).

32 (b) "Health care facility" has the same meaning as in RCW
33 48.140.010(6).

34 (c) "Health care provider" has the same meaning as in RCW
35 48.140.010(7).

36 (d) "Insuring entity" has the same meaning as in RCW
37 48.140.010(8).

38 (e) "Self-insurer" has the same meaning as in RCW 48.140.010(11);

39 (11) Documents, materials, or information obtained by the
40 insurance commissioner under RCW 48.135.060;

- 1 (12) Documents, materials, or information obtained by the
2 insurance commissioner under RCW 48.37.060;
- 3 (13) Confidential and privileged documents obtained or produced
4 by the insurance commissioner and identified in RCW 48.37.080;
- 5 (14) Documents, materials, or information obtained by the
6 insurance commissioner under RCW 48.37.140;
- 7 (15) Documents, materials, or information obtained by the
8 insurance commissioner under RCW 48.17.595;
- 9 (16) Documents, materials, or information obtained by the
10 insurance commissioner under RCW 48.102.051(1) and 48.102.140 (3) and
11 (7)(a)(ii);
- 12 (17) Documents, materials, or information obtained by the
13 insurance commissioner in the commissioner's capacity as receiver
14 under RCW 48.31.025 and 48.99.017, which are records under the
15 jurisdiction and control of the receivership court. The commissioner
16 is not required to search for, log, produce, or otherwise comply with
17 the public records act for any records that the commissioner obtains
18 under chapters 48.31 and 48.99 RCW in the commissioner's capacity as
19 a receiver, except as directed by the receivership court;
- 20 (18) Documents, materials, or information obtained by the
21 insurance commissioner under RCW 48.13.151;
- 22 (19) Data, information, and documents provided by a carrier
23 pursuant to section 1, chapter 172, Laws of 2010;
- 24 (20) Information in a filing of usage-based insurance about the
25 usage-based component of the rate pursuant to RCW 48.19.040(5)(b);
- 26 (21) Data, information, and documents, other than those described
27 in RCW 48.02.210(2), that are submitted to the office of the
28 insurance commissioner by an entity providing health care coverage
29 pursuant to RCW 28A.400.275 and 48.02.210; ~~((and))~~
- 30 (22) Data, information, and documents obtained by the insurance
31 commissioner under RCW 48.29.017; ~~((and))~~
- 32 (23) Information not subject to public inspection or public
33 disclosure under RCW 48.43.730(5); and
- 34 (24) Documents, materials, or information obtained by the
35 insurance commissioner under RCW 48.74.025, sections 6, 13(6), 14(2)
36 (b) and (c), and 15 of this act.

37 **Sec. 20.** RCW 42.56.400 and 2013 c 65 s 5 are each amended to
38 read as follows:

1 The following information relating to insurance and financial
2 institutions is exempt from disclosure under this chapter:

3 (1) Records maintained by the board of industrial insurance
4 appeals that are related to appeals of crime victims' compensation
5 claims filed with the board under RCW 7.68.110;

6 (2) Information obtained and exempted or withheld from public
7 inspection by the health care authority under RCW 41.05.026, whether
8 retained by the authority, transferred to another state purchased
9 health care program by the authority, or transferred by the authority
10 to a technical review committee created to facilitate the
11 development, acquisition, or implementation of state purchased health
12 care under chapter 41.05 RCW;

13 (3) The names and individual identification data of either all
14 owners or all insureds, or both, received by the insurance
15 commissioner under chapter 48.102 RCW;

16 (4) Information provided under RCW 48.30A.045 through 48.30A.060;

17 (5) Information provided under RCW 48.05.510 through 48.05.535,
18 48.43.200 through 48.43.225, 48.44.530 through 48.44.555, and
19 48.46.600 through 48.46.625;

20 (6) Examination reports and information obtained by the
21 department of financial institutions from banks under RCW
22 (~~30.04.075~~) 30A.04.075, from savings banks under RCW 32.04.220,
23 from savings and loan associations under RCW 33.04.110, from credit
24 unions under RCW 31.12.565, from check cashers and sellers under RCW
25 31.45.030(3), and from securities brokers and investment advisers
26 under RCW 21.20.100, all of which is confidential and privileged
27 information;

28 (7) Information provided to the insurance commissioner under RCW
29 48.110.040(3);

30 (8) Documents, materials, or information obtained by the
31 insurance commissioner under RCW 48.02.065, all of which are
32 confidential and privileged;

33 (9) Confidential proprietary and trade secret information
34 provided to the commissioner under RCW 48.31C.020 through 48.31C.050
35 and 48.31C.070;

36 (10) Data filed under RCW 48.140.020, 48.140.030, 48.140.050, and
37 7.70.140 that, alone or in combination with any other data, may
38 reveal the identity of a claimant, health care provider, health care
39 facility, insuring entity, or self-insurer involved in a particular
40 claim or a collection of claims. For the purposes of this subsection:

1 (a) "Claimant" has the same meaning as in RCW 48.140.010(2).
2 (b) "Health care facility" has the same meaning as in RCW
3 48.140.010(6).
4 (c) "Health care provider" has the same meaning as in RCW
5 48.140.010(7).
6 (d) "Insuring entity" has the same meaning as in RCW
7 48.140.010(8).
8 (e) "Self-insurer" has the same meaning as in RCW 48.140.010(11);
9 (11) Documents, materials, or information obtained by the
10 insurance commissioner under RCW 48.135.060;
11 (12) Documents, materials, or information obtained by the
12 insurance commissioner under RCW 48.37.060;
13 (13) Confidential and privileged documents obtained or produced
14 by the insurance commissioner and identified in RCW 48.37.080;
15 (14) Documents, materials, or information obtained by the
16 insurance commissioner under RCW 48.37.140;
17 (15) Documents, materials, or information obtained by the
18 insurance commissioner under RCW 48.17.595;
19 (16) Documents, materials, or information obtained by the
20 insurance commissioner under RCW 48.102.051(1) and 48.102.140 (3) and
21 (7)(a)(ii);
22 (17) Documents, materials, or information obtained by the
23 insurance commissioner in the commissioner's capacity as receiver
24 under RCW 48.31.025 and 48.99.017, which are records under the
25 jurisdiction and control of the receivership court. The commissioner
26 is not required to search for, log, produce, or otherwise comply with
27 the public records act for any records that the commissioner obtains
28 under chapters 48.31 and 48.99 RCW in the commissioner's capacity as
29 a receiver, except as directed by the receivership court;
30 (18) Documents, materials, or information obtained by the
31 insurance commissioner under RCW 48.13.151;
32 (19) Data, information, and documents provided by a carrier
33 pursuant to section 1, chapter 172, Laws of 2010;
34 (20) Information in a filing of usage-based insurance about the
35 usage-based component of the rate pursuant to RCW 48.19.040(5)(b);
36 (21) Data, information, and documents, other than those described
37 in RCW 48.02.210(2), that are submitted to the office of the
38 insurance commissioner by an entity providing health care coverage
39 pursuant to RCW 28A.400.275 and 48.02.210; (~~and~~)

1 (22) Data, information, and documents obtained by the insurance
2 commissioner under RCW 48.29.017; and

3 (23) Documents, materials, or information obtained by the
4 insurance commissioner under RCW 48.74.025, sections 6, 13(6), 14(2)
5 (b) and (c), and 15 of this act.

6 NEW SECTION. Sec. 21. Sections 1 through 19 of this act take
7 effect January 1, 2016.

8 NEW SECTION. Sec. 22. Section 19 of this act expires July 1,
9 2017.

10 NEW SECTION. Sec. 23. Section 20 of this act takes effect July
11 1, 2017.

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