

WAC 284-23-700 Actuarial disclosure and reserves. (1) A qualified actuary shall describe the accelerated benefits, the risks, the expected costs, and the calculation of statutory reserves in an actuarial memorandum accompanying each filing that includes a provision for accelerated benefits. The insurer shall maintain in its files descriptions of the bases and procedures used to calculate benefits payable under these provisions. These descriptions shall be made available for examination by the commissioner upon request.

(2)(a) When benefits are provided through the acceleration of benefits under individual or group life policies, or riders to such policies, policy reserves shall be determined in accordance with the Standard Valuation Law chapter 48.74 RCW. All valuation assumptions used in constructing the reserves shall be determined as appropriate for statutory valuation purposes by a qualified actuary. Mortality tables and interest currently recognized for life insurance reserves by the National Association of Insurance Commissioners may be used, as well as appropriate assumptions for the other provisions incorporated in the policy. The actuary shall follow both actuarial standards and certification for good and sufficient reserves. Reserves in the aggregate shall be sufficient to cover:

(i) Policies upon which no claim has yet arisen; and

(ii) Policies upon which a claim for one or more payments of accelerated benefits has arisen.

(b) For policies and certificates which provide actuarially equivalent benefits, no additional reserves need to be established.

(c) Policy liens and policy loans, plus any accrued interest, represent assets of the insurer for statutory reporting purposes. For any policy on which the policy lien exceeds the policy's statutory reserve liability, such excess must be held as a non-admitted asset.

[Statutory Authority: RCW 48.02.060 (3)(a) and 48.30.010. WSR 94-18-029 (Order R 94-18), § 284-23-700, filed 8/29/94, effective 9/29/94.]