2012 VALUATION FILING REQUIREMENTS

DOMESTIC CASUALTY INSURANCE COMPANIES

A Valuation Filing as described herein shall be submitted to the Bureau of Life Insurance if either of the following two conditions is met:

1. Accident and health risk is retained under contracts that include long-term care benefits.

2. Accident and health risk is retained under contracts that include disability income benefits.

REQUIRED FILINGS (if either above condition applies) – Bureau of Life Insurance

Documents	**Copies**	**Due Date**
2012 Annual Statement	1	March 1, 2013
Valuation Summary for direct business, reinsurance assumed and reinsurance ceded	1	March 1, 2013
Seriatim listing and workpapers for direct business, reinsurance assumed and reinsurance ceded	1	March 1, 2013
Updates to the Actuarial Inventory	1	March 1, 2013
Accident and health claim reserve adequacy comments	1	March 1, 2013
Management's Discussion and Analysis	1	April 1, 2013

Accident and Health Insurance Policies

The following liabilities shall be covered by the valuation filing.

1. All reserve amounts, including reinsurance ceded, on lines 13, 14 and 15 in Part 1A of the Underwriting And Investment Exhibit.

2. All liability amounts, including reinsurance assumed and reinsurance ceded, on lines 13, 14 and 15 in Part 2A of the Underwriting And Investment Exhibit.

3. Any contract reserves not shown in Part 1A of the Underwriting and Investment Exhibit that are a write-in on page 3, Liabilities, Surplus And Other Funds.

The Valuation Summary shall show reserve subtotals by plan or other grouping that reconcile to each annual statement liability entry identified above and to Part 2 of Schedule H. The summary shall also contain corresponding subtotals of the number of policies. Each summary entry shall contain a reference to the supporting workpapers or page(s) of the seriatim listing. A complete description of each valuation standard as to morbidity, mortality, interest and methodology shall be included for each subtotal.

The seriatim listing for unearned premium reserves and contract reserves shall show the reserve amount for each plan's policies with subtotals that match the subtotals in the Valuation Summary. There shall be sufficient detail such that the accuracy of the calculations can be verified. The seriatim listing shall also contain the number of policies with subtotals that match the subtotals in the Valuation Summary.

The seriatim listing for claim reserves calculated on a tabular basis shall show the reserve amount for each plan's outstanding claims with subtotals that match the subtotals in the Valuation Summary. There shall be sufficient detail such that the accuracy of the calculations can be verified.

The workpapers or computer printouts for claim reserves calculated using a completion factor method shall contain the data used in developing the completion factors and show the calculation of the completion factors and the reserves with reserve subtotals that match the subtotals in the Valuation Summary. There shall be sufficient detail such that the accuracy of the calculation of the completion factors and the reserves can be verified.

The workpapers for claim reserves calculated using a method other than tabular or completion factors shall show the calculation of the reserves with subtotals that match the subtotals in the Valuation Summary. There shall be sufficient detail and information such that the accuracy of the calculations can be verified.

In addition, detailed support shall be provided for modified coinsurance reserves for assumed business.

The updates to the Actuarial Inventory shall consist of the following information.

1. A summary of all material reinsurance agreements (assumed and ceded) that lists the counterparty, internal code or reference number, type of reinsurance, effective date, and a description of the business reinsured. The reinsurance summary shall be updated annually, as appropriate. The Department will request reinsurance agreements for review at its discretion.

2. A complete copy of all insurance contracts (with sample schedule pages) and riders not previously included in a valuation filing for which:

   a. first year premium exceeds 20% of the total accident and health first year premium; or
   b. the premium exceeds 5% of the total accident and health premium; or
   c. the reserves exceed 5% of the total accident and health reserves covered by the valuation filing.

   A contract with a variation in language from a contract previously included in a valuation filing that does not materially change the insurance coverage shall not be submitted.

3. A glossary which shall include the plan code, description of premiums and benefits, contract form number and valuation standard for each plan. The glossary shall be updated if changes were made since the glossary was previously filed.

If the test of the previous year's claim reserves and liabilities set forth in Schedule H of the annual statement shows a significant understatement or overstatement in the reserves and liabilities for any line of business, the valuation filing shall identify the factors that the insurer believes caused the understatement or overstatement. An explanation of what adjustments, if any, were made in the reserve calculations because of the results of the reserve adequacy test shall be included in the valuation filing.

Health Annual Statement

If a Health Annual Statement is filed, all references above to exhibits and schedules in the Property and Casualty Annual Statement apply to the corresponding exhibits in the Health Annual Statement.

Electronic Format Submission of Seriatim Listings and Workpapers

Seriatim listings and workpapers for direct business, reinsurance assumed, and reinsurance ceded may be submitted in an electronic format. Such seriatim listings and workpapers shall include the same data fields and detail as is required for paper submissions. Other required Valuation Filing documents shall continue to be submitted on paper. Each Valuation Summary entry supported by electronic format information shall contain a reference to the supporting electronic file name and location in the electronic file.

Electronic format seriatim listings and workpapers shall be submitted on PC compatible CD-R or DVD-R discs in an uncompressed format. A separate document with a table of contents shall be provided for the information submitted in electronic format identifying file names, with associated brief descriptions, for each disc.

Electronic files shall include self-explanatory column headings. Where additional file layout descriptions are needed for the data to be useful, explanations of the layout shall be included.

The seriatim listings and workpapers shall be submitted as Microsoft Excel spreadsheets or Microsoft Access databases (version 2007). Submitted Microsoft Access databases shall include queries that generate the subtotals recorded in the Valuation Summary.

Please send the valuation filing to:

Steve Boston, Life Actuary
Bureau of Life Insurance
Office of Insurance Product Regulation
1311 Strawberry Square
Harrisburg, PA 17120

If you have questions, please contact Steve Boston at (717) 783-2109 or George Harrison at (717) 783-0645.