

CERTIFICATION OF ENROLLMENT

SENATE BILL 5180

64th Legislature
2016 Regular Session

Passed by the Senate March 9, 2016
Yeas 49 Nays 0

President of the Senate

Passed by the House March 8, 2016
Yeas 84 Nays 12

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5180** as passed by Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

SENATE BILL 5180

AS AMENDED BY THE HOUSE

Passed Legislature - 2016 Regular Session

State of Washington 64th Legislature 2015 Regular Session

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

Read first time 01/15/15. Referred to Committee on Financial Institutions & Insurance.

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 standards
16 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 in
26 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)(a) The opinion and memorandum in support of the opinion
29 submitted to the commissioner under RCW 48.74.025 are confidential
30 and privileged, are exempt from disclosure pursuant to chapter 42.56
31 RCW, are not subject to subpoena, and are not subject to discovery or
32 admissible in evidence in any private civil action, only if and to
33 the extent that the opinion and memorandum supporting the opinion
34 independently qualify for exemption from disclosure as documents,
35 materials, or information in the possession of the commissioner
36 pursuant to a financial conduct examination.

37 (b) If independently qualifying for exemption from disclosure, as
38 provided in (a) of this subsection, the provisions of RCW 48.02.065
39 apply to the opinion and memorandum in support of the opinion to the

1 same extent as documents, materials, and information in possession of
2 the commissioner pursuant to a financial conduct examination.

3 (2) In addition to the provisions of RCW 48.02.065, (a) through
4 (c) of this subsection apply to the opinion and memorandum in support
5 of the opinion submitted to the commissioner under RCW 48.74.025.

6 (a) A memorandum in support of the opinion, and any other
7 material provided by the company to the commissioner in connection
8 with the memorandum, may be subject to subpoena for the purpose of
9 defending an action seeking damages from the actuary submitting the
10 memorandum by reason of an action required by this section or by
11 rules adopted under this section.

12 (b) A memorandum or other material may otherwise be released by
13 the commissioner with the written consent of the company or to the
14 American academy of actuaries upon request stating that the
15 memorandum or other material is required for the purpose of
16 professional disciplinary proceedings and setting forth procedures
17 satisfactory to the commissioner for preserving the confidentiality
18 of the memorandum or other material.

19 (c) Once any portion of the confidential memorandum is cited by
20 the company in its marketing or is cited before a governmental agency
21 other than a state insurance department or is released by the company
22 to the news media, all portions of the confidential memorandum are no
23 longer confidential.

24 (3) Included in those agencies or organizations with which the
25 commissioner may share the opinion and memorandum in support of the
26 opinion, as provided in this section and RCW 48.02.065, is the office
27 of the attorney general for purposes of investigating any consumer
28 protection or antitrust action.

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

31 (1) Except as (~~otherwise~~) provided in subsections (2) and (3)
32 of this section, or in RCW 48.74.090, the minimum standard for the
33 valuation of all such policies and contracts issued prior to July 10,
34 1982, shall be that provided by the laws in effect immediately prior
35 to such date. Except as otherwise provided in subsections (2) and (3)
36 of this section, or in RCW 48.74.090, the minimum standard for the
37 valuation of all such policies and contracts issued on or after July
38 10, 1982, shall be the commissioner's reserve valuation methods
39 defined in RCW 48.74.040, 48.74.070, and 48.74.090, three and one-

1 half percent interest, or in the case of life insurance policies and
2 contracts, other than annuity and pure endowment contracts, issued on
3 or after July 16, 1973, four percent interest for such policies
4 issued prior to September 1, 1979, five and one-half percent interest
5 for single premium life insurance policies and four and one-half
6 percent interest for all other such policies issued on and after
7 September 1, 1979, and the following tables:

8 (a) For (~~all~~) ordinary policies of life insurance issued on the
9 standard basis, excluding any disability and accidental death
10 benefits in such policies—the commissioner's 1941 standard ordinary
11 mortality table for such policies issued prior to the operative date
12 of RCW (~~(48.23.350(5a))~~)48.76.050(5) and the commissioner's 1958
13 standard ordinary mortality table for such policies issued on or
14 after such operative date and prior to the operative date of RCW
15 48.76.050(~~(4)~~)(5), except that for any category of such policies
16 issued on female risks, all modified net premiums and present values
17 referred to in this chapter may be calculated according to an age not
18 more than six years younger than the actual age of the insured; and
19 for such policies issued on or after the operative date of RCW
20 48.76.050(~~(4)~~)(7):

21 (i) The commissioner's 1980 standard ordinary mortality table;
22 (~~or~~)

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

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

30 (b) For all industrial life insurance policies issued on the
31 standard basis, excluding any disability and accidental death
32 benefits in such policies—the 1941 standard industrial mortality
33 table for such policies issued prior to the operative date of RCW
34 (~~(48.23.350(5b))~~)48.76.050(6), and for such policies issued on or
35 after such operative date of RCW 48.76.050(6), the commissioner's
36 1961 standard industrial mortality table or any industrial mortality
37 table, adopted after 1980 by the national association of insurance
38 commissioners, that is approved by rule of the commissioner for use
39 in determining the minimum standard of valuation for such policies.

1 (c) For individual annuity and pure endowment contracts,
2 excluding any disability and accidental death benefits in such
3 policies—the 1937 standard annuity mortality table or, at the option
4 of the company, the annuity mortality table for 1949, ultimate, or
5 any modification of either of these tables approved by the
6 commissioner.

7 (d) For group annuity and pure endowment contracts, excluding any
8 disability and accidental death benefits in such policies—the group
9 annuity mortality table for 1951, any modification of such table
10 approved by the commissioner, or, at the option of the company, any
11 of the tables or modifications of tables specified for individual
12 annuity and pure endowment contracts.

13 (e) For total and permanent disability benefits in or
14 supplementary to ordinary policies or contracts—for policies or
15 contracts issued on or after January 1, 1966, the tables of period 2
16 disablement rates and the 1930 to 1950 termination rates of the 1952
17 disability study of the Society of Actuaries, with due regard to the
18 type of benefit or any tables of disablement rates and termination
19 rates, adopted after 1980 by the national association of insurance
20 commissioners, that are approved by regulation promulgated by the
21 commissioner for use in determining the minimum standard of valuation
22 for such policies; for policies or contracts issued on or after
23 January 1, 1961, and prior to January 1, 1966, either such tables or,
24 at the option of the company, the class (3) disability table (1926);
25 and for policies issued prior to January 1, 1961, the class (3)
26 disability table (1926). Any such table shall, for active lives, be
27 combined with a mortality table permitted for calculating the
28 reserves for life insurance policies.

29 (f) For accidental death benefits in or supplementary to policies
30 —for policies issued on or after January 1, 1966, the 1959 accidental
31 death benefits table or any accidental death benefits table, adopted
32 after 1980 by the national association of insurance commissioners,
33 that is approved by regulation promulgated by the commissioner for
34 use in determining the minimum standard of valuation for such
35 policies; for policies issued on or after January 1, 1961, and prior
36 to January 1, 1966, either such table or, at the option of the
37 company, the intercompany double indemnity mortality table; and for
38 policies issued prior to January 1, 1961, the intercompany double
39 indemnity mortality table. Either table shall be combined with a

1 mortality table permitted for calculating the reserves for life
2 insurance policies.

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

6 (2) Except as provided in subsection (3) of this section, the
7 minimum standard (~~for the~~) valuation (~~of all~~)for individual
8 annuity and pure endowment contracts issued on or after July 10,
9 1982, and for all annuities and pure endowments purchased on or after
10 such effective date under group annuity and pure endowment contracts,
11 shall be the commissioner's reserve valuation methods defined in RCW
12 48.74.040 and the following tables and interest rates:

13 (a) For individual annuity and pure endowment contracts issued
14 before September 1, 1979, excluding any disability and accidental
15 death benefit in such contracts—the 1971 individual annuity mortality
16 table, or any modification of this table approved by the
17 commissioner, and six percent interest for single premium immediate
18 annuity contracts, and four percent interest for all other individual
19 annuity and pure endowment contracts.

20 (b) For individual single premium immediate annuity contracts
21 issued on or after September 1, 1979, excluding any disability and
22 accidental death benefits in such contracts—the 1971 individual
23 annuity mortality table or any individual annuity mortality table,
24 adopted after 1980 by the national association of insurance
25 commissioners, that is approved by regulation promulgated by the
26 commissioner for use in determining the minimum standard of valuation
27 for such contracts, or any modification of these tables approved by
28 the commissioner, and seven and one-half percent interest.

29 (c) For individual annuity and pure endowment contracts issued on
30 or after September 1, 1979, other than single premium immediate
31 annuity contracts, excluding any disability and accidental death
32 benefits in such contracts—the 1971 individual annuity mortality
33 table or any individual annuity mortality table, adopted after 1980
34 by the national association of insurance commissioners, that is
35 approved by regulation promulgated by the commissioner for use in
36 determining the minimum standard of valuation for such contracts, or
37 any modification of these tables approved by the commissioner, and
38 five and one-half percent interest for single premium deferred
39 annuity and pure endowment contracts and four and one-half percent

1 interest for all other such individual annuity and pure endowment
2 contracts.

3 (d) For all annuities and pure endowments purchased prior to
4 September 1, 1979, under group annuity and pure endowment contracts,
5 excluding any disability and accidental death benefits purchased
6 under such contracts—the 1971 group annuity mortality table, or any
7 modification of this table approved by the commissioner, and six
8 percent interest.

9 (e) For all annuities and pure endowments purchased on or after
10 September 1, 1979, under group annuity and pure endowment contracts,
11 excluding any disability and accidental death benefits purchased
12 under such contracts—the 1971 group annuity mortality table or any
13 group annuity mortality table, adopted after 1980 by the national
14 association of insurance commissioners, that is approved by
15 regulation promulgated by the commissioner for use in determining the
16 minimum standard of valuation for such annuities and pure endowments,
17 or any modification of these tables approved by the commissioner, and
18 seven and one-half percent interest.

19 After July 16, 1973, any company may file with the commissioner a
20 written notice of its election to comply with the provisions of this
21 section after a specified date before January 1, 1979, which shall be
22 the operative date of this section for such company. If a company
23 makes no such election, the operative date of this section for such
24 company shall be January 1, 1979.

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

27 (i) ~~((All))~~ Life insurance policies issued in a particular
28 calendar year, on or after the operative date of RCW 48.76.050~~((+4))~~
29 (7);

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

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

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

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

4 (i) For life insurance:

$$5 \quad I = .03 + W (R_1 - .03) + W/2 (R_2 - .09);$$

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

$$10 \quad I = .03 + W (R - .03)$$

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

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

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

14 W is the weighting factor defined in this section;

15 (iii) For other annuities with cash settlement options and
16 guaranteed interest contracts with cash settlement options, valued on
17 an issue year basis, except as stated in (b)(ii) of this
18 ~~((subparagraph))subsection~~, the formula for life insurance stated in
19 (b)(i) of this ~~((subparagraph))subsection~~ shall apply to annuities
20 and guaranteed interest contracts with guarantee durations in excess
21 of ten years and the formula for single premium immediate annuities
22 stated in (b)(ii) of this ~~((subparagraph))subsection~~ shall apply to
23 annuities and guaranteed interest contracts with guarantee duration
24 of ten years or less;

25 (iv) For other annuities with no cash settlement options and for
26 guaranteed interest contracts with no cash settlement options, the
27 formula for single premium immediate annuities stated in (b)(ii) of
28 this ~~((subparagraph))subsection~~ shall apply;

29 (v) For other annuities with cash settlement options and
30 guaranteed interest contracts with cash settlement options, valued on
31 a change in fund basis, the formula for single premium immediate
32 annuities stated in (b)(ii) of this ~~((subparagraph))subsection~~ shall
33 apply.

34 (c) However, if the calendar year statutory valuation interest
35 rate for any life insurance policies issued in any calendar year
36 determined without reference to this sentence differs from the
37 corresponding actual rate for similar policies issued in the
38 immediately preceding calendar year by less than one-half of one
39 percent, the calendar year statutory valuation interest rate for such

1 life insurance policies shall be equal to the corresponding actual
 2 rate for the immediately preceding calendar year. For purposes of
 3 applying the immediately preceding sentence, the calendar year
 4 statutory valuation interest rate for life insurance policies issued
 5 in a calendar year shall be determined for 1983 using the reference
 6 interest rate defined for 1982 and shall be determined for each
 7 subsequent calendar year regardless of when RCW 48.76.050(~~(+4)~~)(7)
 8 becomes operative.

9 (d) The weighting factors referred to in the formulas stated in
 10 (~~(subparagraph)~~) (b) of this subsection are given in the following
 11 tables:

12 (i) Weighting Factors for Life Insurance:

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

18 For life insurance, the guarantee duration is the maximum number
 19 of years the life insurance can remain in force on a basis guaranteed
 20 in the policy or under options to convert to plans of life insurance
 21 with premium rates or nonforfeiture values or both which are
 22 guaranteed in the original policy;

23 (ii) Weighting factor for single premium immediate annuities and
 24 for annuity benefits involving life contingencies arising from other
 25 annuities with cash settlement options and guaranteed interest
 26 contracts with cash settlement options: .80;

27 (iii) Weighting factors for other annuities and for guaranteed
 28 interest contracts, except as stated in (d)(ii) of this
 29 (~~(subparagraph)~~)subsection, shall be as specified in (d)(iii)(A),
 30 (B), and (C) of this subsection, according to the rules and
 31 definitions in (d)(iii)(D), (E), and (F) of this subsection:

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

Guarantee Duration	Weighting Factor		
	for Plan Type		
(Years)	A	B	C
5 or less:	.80	.60	.50

1	More than 5, but not more than 10:	.75	.60	.50
2	More than 10, but not more than 20:	.65	.50	.45
3	More than 20:	.45	.35	.35

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

7	Plan Type		
8	A	B	C
9	.15	.25	.05

10 (C) For annuities and guaranteed interest contracts valued on an
11 issue year basis other than those with no cash settlement options
12 which do not guarantee interest on considerations received more than
13 one year after issue or purchase and for annuities and guaranteed
14 interest contracts valued on a change in fund basis which do not
15 guarantee interest rates on considerations received more than twelve
16 months beyond the valuation date, the factors shown in (d)(iii)(A) of
17 this subsection or derived in (d)(iii)(B) of this subsection
18 increased by:

19	Plan Type		
20	A	B	C
21	.05	.05	.05

22 (D) For other annuities with cash settlement options and
23 guaranteed interest contracts with cash settlement options, the
24 guarantee duration is the number of years for which the contract
25 guarantees interest rates in excess of the calendar year statutory
26 valuation interest rate for life insurance policies with guarantee
27 duration in excess of twenty years. For other annuities with no cash
28 settlement options and for guaranteed interest contracts with no cash
29 settlement options, the guarantee duration is the number of years
30 from the date of issue or date of purchase to the date annuity
31 benefits are scheduled to commence.

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

34 Plan Type A: At any time a policyholder may withdraw funds only:
35 (1) With an adjustment to reflect changes in interest rates or asset
36 values since receipt of the funds by the insurance company; or (2)

1 without such adjustment but in installments over five years or more;
2 or (3) as an immediate life annuity; or (4) no withdrawal permitted.

3 Plan Type B: Before expiration of the interest rate guarantee, a
4 policyholder may withdraw funds only: (1) With adjustment to reflect
5 changes in interest rates or asset values since receipt of the funds
6 by the insurance company; or (2) without such adjustment but in
7 installments over five years or more; or (3) no withdrawal permitted.
8 At the end of the interest rate guarantee, funds may be withdrawn
9 without such adjustment in a single sum or installments over less
10 than five years.

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

17 (F) A company may elect to value guaranteed interest contracts
18 with cash settlement options and annuities with cash settlement
19 options on either an issue year basis or on a change in fund basis.
20 Guaranteed interest contracts with no cash settlement options and
21 other annuities with no cash settlement options must be valued on an
22 issue year basis. As used in this section, an issue year basis of
23 valuation refers to a valuation basis under which the interest rate
24 used to determine the minimum valuation standard for the entire
25 duration of the annuity or guaranteed interest contract is the
26 calendar year valuation interest rate for the year of issue or year
27 of purchase of the annuity or guaranteed interest contract. The
28 change in fund basis of valuation refers to a valuation basis under
29 which the interest rate used to determine the minimum valuation
30 standard applicable to each change in the fund held under the annuity
31 or guaranteed interest contract is the calendar year valuation
32 interest rate for the year of the change in the fund.

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

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

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

9 (iii) For other annuities with cash settlement options and
10 guaranteed interest contracts with cash settlement options, valued on
11 a year of issue basis, except as stated in (e)(ii) of this
12 ~~((subparagraph))~~subsection, with guarantee duration in excess of ten
13 years, the lesser of the average over a period of thirty-six months
14 and the average over a period of twelve months, ending on June 30th
15 of the calendar year of issue or purchase, of ~~((Moody's corporate~~
16 ~~bond yield average))~~the monthly average ((corporates))of the
17 composite yield on seasoned corporate bonds, as published by Moody's
18 Investors Service, Inc.

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

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

35 (vi) For other annuities with cash settlement options and
36 guaranteed interest contracts with cash settlement options, valued on
37 a change in fund basis, except as stated in (e)(ii) of this
38 ~~((subparagraph))~~subsection, the average over a period of twelve
39 months, ending on June 30th of the calendar year of the change in the

1 fund, of (~~Moody's corporate bond yield average~~)the monthly average
2 (~~corporates~~)of the composite yield on seasoned corporate bonds, as
3 published by Moody's Investors Service, Inc.

4 (f) If (~~Moody's corporate bond yield average~~)the monthly
5 average (~~corporates~~)of the composite yield on seasoned corporate
6 bonds is no longer published by Moody's Investors Service, Inc., or
7 if the national association of insurance commissioners determines
8 that (~~Moody's corporate bond yield average~~)the monthly average
9 (~~corporates~~)of the composite yield on seasoned corporate bonds as
10 published by Moody's Investors Service, Inc. is no longer appropriate
11 for the determination of the reference interest rate, then an
12 alternative method for determination of the reference interest rate,
13 which is adopted by the national association of insurance
14 commissioners and approved by rule adopted by the commissioner, may
15 be substituted.

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

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

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

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

32 (1) Reserves for all policies and contracts issued prior to (~~the~~
33 ~~operative date of this chapter~~)July 10, 1982, may be calculated, at
34 the option of the company, according to any standards which produce
35 greater aggregate reserves for all such policies and contracts than
36 the minimum reserves required by the laws in effect immediately prior
37 to such date.

1 (2) Reserves for any category of policies, contracts, or benefits
2 as established by the commissioner, issued on or after July 10, 1982,
3 may be calculated, at the option of the company, according to any
4 standards which produce greater aggregate reserves for such category
5 than those calculated according to the minimum standard herein
6 provided, but the rate or rates of interest used for policies and
7 contracts, other than annuity and pure endowment contracts, shall not
8 be (~~higher~~)greater than the corresponding rate or rates of interest
9 used in calculating any nonforfeiture benefits provided (~~therein~~)in
10 the policies or contracts.

11 (~~Any such~~)(3) A company which adopts at any time (~~has~~
12 ~~adopted~~) any standard of valuation producing greater aggregate
13 reserves than those calculated according to the minimum standard
14 (~~herein provided~~)under this chapter may, adopt a lower standard of
15 valuation with the approval of the commissioner, (~~adopt any lower~~
16 ~~standard of valuation,~~) but not lower than the minimum (~~herein~~)
17 provided. For the purposes of this section, the holding of additional
18 reserves previously determined by (~~a qualified~~)the appointed
19 actuary to be necessary to render the opinion required under RCW
20 48.74.025 and section 6 of this act is not to be the adoption of a
21 higher standard of valuation.

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

24 If in any contract year the gross premium charged by (~~any life~~
25 ~~insurance~~)a company on any policy or contract is less than the
26 valuation net premium for the policy or contract calculated by the
27 method used in calculating the reserve thereon but using the minimum
28 valuation standards of mortality and rate of interest, the minimum
29 reserve required for such policy or contract shall be the greater of
30 either the reserve calculated according to the mortality table, rate
31 of interest, and method actually used for such policy or contract, or
32 the reserve calculated by the method actually used for such policy or
33 contract but using the minimum valuation standards of mortality and
34 rate of interest and replacing the valuation net premium by the
35 actual gross premium in each contract year for which the valuation
36 net premium exceeds the actual gross premium. The minimum valuation
37 standards of mortality and rate of interest referred to in this
38 section are those standards stated in RCW 48.74.030 (1) and (3):
39 PROVIDED, That for any life insurance policy issued on or after

1 January 1, 1986, for which the gross premium in the first policy year
2 exceeds that of the second year and for which no comparable
3 additional benefit is provided in the first year for such excess and
4 which provides an endowment benefit or a cash surrender value or a
5 combination thereof in an amount greater than such excess premium,
6 the foregoing provisions of this section shall be applied as if the
7 method actually used in calculating the reserve for such policy were
8 the method described in RCW 48.74.040, ignoring the second paragraph
9 of that section. The minimum reserve at each policy anniversary of
10 such a policy shall be the greater of the minimum reserve calculated
11 in accordance with RCW 48.74.040, including the second paragraph of
12 that section, and the minimum reserve calculated in accordance with
13 this section.

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

16 ~~((The commissioner shall adopt rules containing the minimum
17 standards applicable to the valuation of disability insurance.))~~For
18 disability insurance contracts issued on or after the operative date
19 of the valuation manual, the standard prescribed in the valuation
20 manual is the minimum standard of valuation required under section 4
21 of this act. For disability insurance contracts issued on or after
22 July 10, 1982, and prior to the operative date of the valuation
23 manual, the minimum standard of valuation is the standard adopted by
24 the commissioner by rule.

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

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

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

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

37 (b) The standard valuation law, as amended by the NAIC in 2009,
38 or legislation including substantially similar terms and provisions,

1 has been enacted by states representing greater than seventy-five
2 percent of the direct premiums written as reported in the following
3 annual statements submitted for 2008: Life, accident and health
4 annual statements, health annual statements, or fraternal annual
5 statements.

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

12 (3) Unless a change in the valuation manual specifies a later
13 effective date, changes to the valuation manual are effective on
14 January 1st following the date when all of the following have
15 occurred: The change to the valuation manual has been adopted by the
16 NAIC by an affirmative vote representing:

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

19 (b) Members of the NAIC representing jurisdictions totaling
20 greater than seventy-five percent of the direct premiums written as
21 reported in the following annual statements most recently available
22 prior to the vote in (a) of this subsection: Life, accident and
23 health annual statements, health annual statements, or fraternal
24 annual statements.

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

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

29 (i) The commissioner's reserve valuation method for life
30 insurance contracts, other than annuity contracts, subject to section
31 4 of this act;

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

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

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

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

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

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

9 (iii) Procedures for corporate governance and oversight of the
10 actuarial function, and a process for appropriate waiver or
11 modification of such procedures;

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

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

16 (ii) Develop reserves that quantify the benefits and guarantees,
17 and the funding, associated with the contracts and their risks at a
18 level of conservatism that reflects conditions that include
19 unfavorable events that have a reasonable probability of occurring;

20 (e) Other requirements, including, but not limited to, those
21 relating to reserve methods, models for measuring risk, generation of
22 economic scenarios, assumptions, margins, use of company experience,
23 risk measurement, disclosure, certifications, reports, actuarial
24 opinions and memorandums, transition rules, and internal controls;
25 and

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

29 (5) In the absence of a specific valuation requirement or if a
30 specific valuation requirement in the valuation manual is not, in the
31 opinion of the commissioner, in compliance with this chapter, then
32 the company must, with respect to such requirements, comply with
33 minimum valuation standards prescribed by the commissioner by rule.

34 (6) The commissioner may engage a qualified actuary, at the
35 expense of the company, to perform an actuarial examination of the
36 company and opine on the appropriateness of any reserve assumption or
37 method used by the company, or to review and opine on a company's
38 compliance with any requirement set forth in this chapter. The
39 commissioner may rely upon the opinion, regarding provisions
40 contained within this chapter, of a qualified actuary engaged by the

1 commissioner of another state, district, or territory of the United
2 States. As used in this subsection, "engage" includes employment and
3 contracting.

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

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

12 (1) A company must establish reserves, consistent with the
13 commissioner's superseding authority to establish reserves pursuant
14 to section 13(7) of this act, using a principle-based valuation that
15 meets the following conditions for policies or contracts as specified
16 in the valuation manual:

17 (a) Quantify the benefits and guarantees, and the funding,
18 associated with the contracts and their risks at a level of
19 conservatism that reflects conditions that include unfavorable events
20 that have a reasonable probability of occurring during the lifetime
21 of the contracts. For policies or contracts with significant tail
22 risk, valuations must reflect conditions appropriately adverse to
23 quantify the tail risk.

24 (b) Incorporate assumptions, risk analysis methods, and financial
25 models and management techniques that are consistent with, but not
26 necessarily identical to, those utilized within the company's overall
27 risk assessment process, while recognizing potential differences in
28 financial reporting structures and any prescribed assumptions or
29 methods.

30 (c) Incorporate assumptions that are derived in one of the
31 following manners:

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

33 (ii) For assumptions that are not prescribed, the assumptions
34 must:

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

37 (B) To the extent that company data is not available, relevant,
38 or statistically credible, be established utilizing other relevant,
39 statistically credible experience.

1 (d) Provide margins for uncertainty including adverse deviation
2 and estimation error, such that the greater the uncertainty the
3 larger the margin and resulting reserve.

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

7 (a) Establish procedures for corporate governance and oversight
8 of the actuarial valuation function consistent with those described
9 in the valuation manual.

10 (b) Provide to the commissioner and the board of directors an
11 annual certification of the effectiveness of the internal controls
12 with respect to the principle-based valuation. These controls must be
13 designed to assure that all material risks inherent in the
14 liabilities and associated assets subject to such valuation are
15 included in the valuation, and that valuations are made in accordance
16 with the valuation manual. The certification must be based on the
17 controls in place as of the end of the preceding calendar year.

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

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

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

25 A company must submit mortality, morbidity, policyholder
26 behavior, or expense experience and other data as prescribed in the
27 valuation manual.

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

30 (1) For purposes of this section, "confidential information"
31 means:

32 (a) A memorandum in support of an opinion submitted under RCW
33 48.74.025 and section 6 of this act and any other documents,
34 materials, and other information, including, but not limited to, all
35 working papers, and copies thereof, created, produced, or obtained by
36 or disclosed to the commissioner or any other person in connection
37 with such memorandum;

1 (b) All documents, materials, and other information, including,
2 but not limited to, all working papers, and copies thereof, created,
3 produced, or obtained by or disclosed to the commissioner or any
4 other person in the course of an examination made under section 13(6)
5 of this act. However, if an examination report or other material
6 prepared in connection with an examination made under chapter 48.03
7 RCW is not held as private and confidential information, an
8 examination report or other material prepared in connection with an
9 examination made under section 13(6) of this act is not "confidential
10 information" to the same extent as if such examination report or
11 other material had been prepared under chapter 48.03 RCW;

12 (c) Any reports, documents, materials, and other information
13 developed by a company in support of, or in connection with, an
14 annual certification by the company under section 14(2)(b) of this
15 act evaluating the effectiveness of the company's internal controls
16 with respect to a principle-based valuation 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 reports, documents, materials, and other information;

21 (d) Any principle-based valuation report developed under section
22 14(2)(c) of this act and any other documents, materials, and other
23 information, including, but not limited to, all working papers, and
24 copies thereof, created, produced, or obtained by or disclosed to the
25 commissioner or any other person in connection with such report; and

26 (e) Any documents, materials, data, and other information
27 submitted by a company under section 15 of this act (collectively,
28 "experience data") and any other documents, materials, data, and
29 other information, including, but not limited to, all working papers,
30 and copies thereof, created or produced in connection with such
31 experience data, in each case that include any potentially company
32 identifying or personally identifiable information, that is provided
33 to or obtained by the commissioner (together with any "experience
34 data," the "experience materials") and any other documents,
35 materials, data, and other information, including, but not limited
36 to, all working papers, and copies thereof, created, produced, or
37 obtained by or disclosed to the commissioner or any other person in
38 connection with such experience materials.

39 (2)(a) Except as provided in this section, a company's
40 confidential information is confidential by law and privileged, is

1 not subject to chapter 42.56 RCW, is not subject to subpoena, and is
2 not subject to discovery or admissible in evidence in any private
3 civil action. However, the commissioner is authorized to use the
4 confidential information in the furtherance of any regulatory or
5 legal action brought against the company as a part of the
6 commissioner's official duties.

7 (b) Neither the commissioner nor any person who received
8 confidential information while acting under the authority of the
9 commissioner is permitted or required to testify in any private civil
10 action concerning any confidential information.

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

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

15 (ii) In the case of confidential information specified in
16 subsection (1)(a) and (d) of this section only, with the actuarial
17 board for counseling and discipline or its successor upon request
18 stating that the confidential information is required for the purpose
19 of professional disciplinary proceedings and with state, federal, and
20 international law enforcement officials;

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

26 (d) The commissioner may receive documents, materials, data, and
27 other information, including otherwise confidential and privileged
28 documents, materials, data, or information, from the NAIC and its
29 affiliates and subsidiaries, from regulatory or law enforcement
30 officials of other foreign or domestic jurisdictions, and from the
31 actuarial board for counseling and discipline or its successor and
32 shall maintain as confidential or privileged any document, material,
33 data, or other information received with notice or the understanding
34 that it is confidential or privileged under the laws of the
35 jurisdiction that is the source of the document, material, data, or
36 other information.

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

39 (f) No waiver of any applicable privilege or claim of
40 confidentiality in the confidential information may occur as a result

1 of disclosure to the commissioner under this section or as a result
2 of sharing as authorized in (c) of this subsection.

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

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

10 (3) Notwithstanding subsection (2) of this section, any
11 confidential information specified in subsection (1)(a) and (d) of
12 this section:

13 (a) May be subject to subpoena for the purpose of defending an
14 action seeking damages from the appointed actuary submitting the
15 related memorandum in support of an opinion submitted under RCW
16 48.74.025 and section 6 of this act or principle-based valuation
17 report developed under section 14(2)(c) of this act by reason of an
18 action required by this chapter or by rules adopted under this
19 chapter;

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

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

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

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

33 (2) As used in this chapter((7)):

34 (a) "NAIC" means the national association of insurance
35 commissioners.

36 (b) "Operative date of the valuation manual" means the January
37 1st of the first calendar year that the valuation manual as defined
38 in chapter 48.74 RCW is effective.

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

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

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

15 ~~((ii))~~(b) Two percent of the amount of insurance, if the
16 insurance is uniform in amount, or of the equivalent uniform amount,
17 as ~~((hereinafter))~~ defined, if the amount of insurance varies with
18 duration of the policy;

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

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

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

32 ~~((b))~~(2) In the case of a policy providing an amount of
33 insurance varying with duration of the policy, the equivalent level
34 amount thereof for the purpose of this section shall be deemed to be
35 the level amount of insurance provided by an otherwise similar
36 policy, containing the same endowment benefit or benefits, if any,
37 issued at the same age and for the same term, the amount of which
38 does not vary with duration and the benefits under which have the
39 same present value at the inception of the insurance as the benefits
40 under the policy: PROVIDED HOWEVER, That in the case of a policy

1 providing a varying amount of insurance issued on the life of a child
2 under age ten, the equivalent uniform amount may be computed as
3 though the amount provided by the policy prior to the attainment of
4 age ten were the amount provided by such policy at age ten.

5 ~~((c))~~(3) The adjusted premiums for any policy providing term
6 insurance benefits by rider or supplemental policy provision shall be
7 equal to:

8 ~~((i))~~(a) The adjusted premiums for an otherwise similar policy
9 issued at the same age without such term insurance benefits,
10 increased, during the period for which premiums for such term
11 insurance benefits are payable, by

12 ~~((ii))~~(b) The adjusted premiums for such term insurance,
13 ~~with~~~~((subparagraph (c)(i) and (ii))~~~~(a) and (b) of this subsection~~
14 being calculated separately and as specified in ~~((subparagraphs (a)~~
15 ~~and (b) of this subsection))~~subsections (1) and (2) of this section
16 except that, for the purposes of ~~((subparagraph (a)(ii), (a)(iii),~~
17 ~~and (a)(iv) of this subsection))~~subsection (1)(b), (c), and (d) of
18 this section, the amount of insurance or equivalent uniform amount of
19 insurance used in the calculation of the adjusted premiums referred
20 to in ~~((subparagraph (c)(ii) of this))~~(b) of this subsection shall be
21 equal to the excess of the corresponding amount determined for the
22 entire policy over the amount used in the calculation of the adjusted
23 premiums in ~~((subparagraph (c)(i) of this))~~(a) of this subsection.

24 ~~((d))~~(4) Except as otherwise provided in subsections ~~((2))~~(5)
25 and ~~((3))~~(6) of this section, all adjusted premiums and present
26 values referred to in this chapter shall for all policies of ordinary
27 insurance be calculated on the basis of the commissioner's 1941
28 standard ordinary mortality table: PROVIDED, That for any category of
29 ordinary insurance issued on female risks on or after July 1, 1957,
30 adjusted premiums and present values may be calculated according to
31 an age not more than six years younger than the actual age of the
32 insured and such calculations for all policies of industrial
33 insurance shall be made on the basis of the 1941 standard industrial
34 mortality table. All calculations shall be made on the basis of the
35 rate of interest, not exceeding three and one-half percent per annum,
36 specified in the policy for calculating cash surrender values and
37 paid-up nonforfeiture benefits: PROVIDED, That in calculating the
38 present value of any paid-up term insurance with accompanying pure
39 endowment, if any, offered as a nonforfeiture benefit, the rates of
40 mortality assumed may be not more than one hundred thirty percent of

1 the rates of mortality according to such applicable table: PROVIDED,
2 FURTHER, That for insurance issued on a substandard basis, the
3 calculation of any such adjusted premiums and present values may be
4 based on such other table of mortality as may be specified by the
5 company and approved by the commissioner.

6 ~~((+2))~~(5) This subsection does not apply to ordinary policies
7 issued on or after the operative date of subsection ~~((+4))~~(7) of
8 this section. In the case of ordinary policies issued on or after the
9 operative date of this section, all adjusted premiums and present
10 values referred to in this chapter shall be calculated on the basis
11 of the commissioner's 1958 standard ordinary mortality table and the
12 rate of interest specified in the policy for calculating cash
13 surrender values and paid-up nonforfeiture benefits provided that
14 such rate of interest shall not exceed three and one-half percent per
15 annum except that a rate of interest not exceeding four percent per
16 annum may be used for policies issued on or after July 16, 1973, and
17 before September 1, 1979, and a rate of interest not exceeding five
18 and one-half percent per annum may be used for policies issued on or
19 after September 1, 1979, except that for any single premium whole
20 life or endowment insurance policy a rate of interest not exceeding
21 six and one-half percent per annum may be used and provided that for
22 any category of ordinary insurance issued on female risks, adjusted
23 premiums and present values may be calculated according to an age not
24 more than six years younger than the actual age of the insured:
25 PROVIDED, That in calculating the present value of any paid-up term
26 insurance with accompanying pure endowment, if any, offered as a
27 nonforfeiture benefit, the rates of mortality assumed may be not more
28 than those shown in the commissioner's 1958 extended term insurance
29 table: PROVIDED FURTHER, That for insurance issued on a substandard
30 basis, the calculation of any such adjusted premiums and present
31 values may be based on such other table of mortality as may be
32 specified by the company and approved by the commissioner.

33 After June 11, 1959, any company may file with the commissioner a
34 written notice of its election to comply with the provisions of this
35 section. After the filing of such notice, then upon such specified
36 date (which shall be the operative date of this section for such
37 company), this subsection shall become operative with respect to the
38 ordinary policies thereafter issued by such company. If a company
39 makes no such election, the operative date of this section for such
40 company shall be January 1, 1966.

1 ~~((3))~~(6) This subsection does not apply to industrial policies
2 issued on or after the operative date of subsection ~~((4))~~(7) of
3 this section. In the case of industrial policies issued on or after
4 the operative date of this chapter, all adjusted premiums and present
5 values referred to in this chapter shall be calculated on the basis
6 of the commissioner's 1961 standard industrial mortality table and
7 the rate of interest specified in the policy for calculating cash
8 surrender values and paid-up nonforfeiture benefits provided that
9 such rate of interest shall not exceed three and one-half percent per
10 annum, except that a rate of interest not exceeding four percent per
11 annum may be used for policies issued on or after July 16, 1973, and
12 prior to September 1, 1979, and a rate of interest not exceeding five
13 and one-half percent per annum may be used for policies issued on or
14 after September 1, 1979, except that for any single premium whole
15 life or endowment insurance policy a rate of interest not exceeding
16 six and one-half percent per annum may be used: PROVIDED, That in
17 calculating the present value of any paid-up term insurance with
18 accompanying pure endowment, if any, offered as a nonforfeiture
19 benefit, the rates of mortality assumed may be not more than those
20 shown in the commissioner's 1961 industrial extended term insurance
21 table: PROVIDED FURTHER, That for insurance issued on a substandard
22 basis, the calculations of any such adjusted premiums and present
23 values may be based on such other table of mortality as may be
24 specified by the company and approved by the commissioner.

25 After July 10, 1982, any company may file with the commissioner a
26 written notice of its election to comply with the provisions of this
27 section. After the filing of such notice, then upon such specified
28 date (which shall be the operative date of this section for such
29 company), this subsection shall become operative with respect to the
30 industrial policies thereafter issued by such company. If a company
31 makes no such election, the operative date of this section for such
32 company shall be January 1, 1968.

33 ~~((4))~~(7)(a) This ~~(section)~~subsection applies to all policies
34 issued on or after the operative date of this subsection as defined
35 herein. Except as provided in ~~(subparagraph)~~ (g) of this
36 subsection, the adjusted premiums for any policy shall be calculated
37 on an annual basis and shall be such uniform percentage of the
38 respective premiums specified in the policy for each policy year,
39 excluding amounts payable as extra premiums to cover impairments or
40 special hazards and also excluding any uniform annual contract charge

1 or policy fee specified in the policy in a statement of the method to
2 be used in calculating the cash surrender values and paid-up
3 nonforfeiture benefits, that the present value, at the date of issue
4 of the policy, of all adjusted premiums shall be equal to the sum of:
5 (i) The then present value of the future guaranteed benefits provided
6 for by the policy; (ii) one percent of either the amount of
7 insurance, if the insurance be uniform in amount, or the average
8 amount of insurance at the beginning of each of the first ten policy
9 years; and (iii) one hundred twenty-five percent of the nonforfeiture
10 net level premium as defined in ~~((subparagraph))~~ (b) of this
11 subsection: PROVIDED, That in applying the percentage specified in
12 (a)(iii) of this ~~((subparagraph))~~subsection no nonforfeiture net
13 level premium shall be deemed to exceed four percent of either the
14 amount of insurance, if the insurance be uniform in amount, or the
15 average amount of insurance at the beginning of each of the first ten
16 policy years. The date of issue of a policy for the purpose of this
17 section shall be the date as of which the rated age of the insured is
18 determined.

19 (b) The nonforfeiture net level premium shall be equal to the
20 present value, at the date of issue of the policy, of the guaranteed
21 benefits provided for by the policy divided by the present value, at
22 the date of issue of the policy, of an annuity of one per annum
23 payable on the date of issue of the policy and on each anniversary of
24 such policy on which a premium falls due.

25 (c) In the case of policies which cause on a basis guaranteed in
26 the policy unscheduled changes in benefits or premiums, or which
27 provide an option for changes in benefits or premiums other than a
28 change to a new policy, the adjusted premiums and present values
29 shall initially be calculated on the assumption that future benefits
30 and premiums do not change from those stipulated at the date of issue
31 of the policy. At the time of any such change in the benefits or
32 premiums the future adjusted premiums, nonforfeiture net level
33 premiums and present values shall be recalculated on the assumption
34 that future benefits and premiums do not change from those stipulated
35 by the policy immediately after the change.

36 (d) Except as otherwise provided in ~~((subparagraph))~~ (g) of this
37 subsection, the recalculated future adjusted premiums for any such
38 policy shall be such uniform percentage of the respective future
39 premiums specified in the policy for each policy year, excluding
40 amounts payable as extra premiums to cover impairments and special

1 hazards, and also excluding any uniform annual contract charge or
2 policy fee specified in the policy in a statement of the method to be
3 used in calculating the cash surrender values and paid-up
4 nonforfeiture benefits, that the present value, at the time of change
5 to the newly defined benefits or premiums, of all such future
6 adjusted premiums shall be equal to the excess of:

7 (i) The sum of

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

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

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

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

15 (i) One percent of the excess, if positive, of the average amount
16 of insurance at the beginning of each of the first ten policy years
17 subsequent to the change over the average amount of insurance prior
18 to the change at the beginning of each of the first ten policy years
19 subsequent to the time of the most recent previous change, or, if
20 there has been no previous change, the date of issue of the policy;
21 and

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

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

26 (i) Equals the sum of:

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

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

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

37 (g) Notwithstanding any other provisions of this section to the
38 contrary, in the case of a policy issued on a substandard basis which
39 provides reduced graded amounts of insurance so that, in each policy
40 year, such policy has the same tabular mortality cost as an otherwise

1 similar policy issued on the standard basis which provides higher
2 uniform amounts of insurance, adjusted premiums and present values
3 for such substandard policy may be calculated as if it were issued to
4 provide such higher uniform amounts of insurance on the standard
5 basis.

6 (h) All adjusted premiums and present values referred to in this
7 chapter shall for all policies of ordinary insurance be calculated on
8 the basis of the commissioner's 1980 standard ordinary mortality
9 table or at the election of the company for any one or more specified
10 plans of life insurance, the commissioner's 1980 standard ordinary
11 mortality table with ten-year select mortality factors, shall for all
12 policies of industrial insurance be calculated on the basis of the
13 commissioner's 1961 standard industrial mortality table, and shall
14 for all policies issued in a particular calendar year be calculated
15 on the basis of a rate of interest not exceeding the nonforfeiture
16 interest rate as defined in this section, for policies issued in that
17 calendar year, subject to the following provisions:

18 (i) At the option of the company, calculations for all policies
19 issued in a particular calendar year may be made on the basis of a
20 rate of interest not exceeding the nonforfeiture interest rate, as
21 defined in this section, for policies issued in the immediately
22 preceding calendar year.

23 (ii) Under any paid-up nonforfeiture benefit, including any paid-
24 up dividend additions, any cash surrender value available, whether or
25 not required by RCW 48.76.020, shall be calculated on the basis of
26 the mortality table and rate of interest used in determining the
27 amount of such paid-up nonforfeiture benefit and paid-up dividend
28 additions, if any.

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

33 (iv) In calculating the present value of any paid-up term
34 insurance with accompanying pure endowment, if any, offered as a
35 nonforfeiture benefit, the rates of mortality assumed may be not more
36 than those shown in the commissioner's 1980 extended term insurance
37 table for policies of ordinary insurance and not more than the
38 commissioner's 1961 industrial extended term insurance table for
39 policies of industrial insurance.

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

4 (vi) Any ordinary mortality tables, adopted after 1980 by the
5 national association of insurance commissioners, that are approved by
6 regulation promulgated by the commissioner for use in determining the
7 minimum nonforfeiture standard may be substituted for the
8 commissioner's 1980 standard ordinary mortality table with or without
9 ten-year select mortality factors or for the commissioner's 1980
10 extended term insurance table.

11 (vii) Any industrial mortality tables, adopted after 1980 by the
12 national association of insurance commissioners, that are approved by
13 regulation promulgated by the commissioner for use in determining the
14 minimum nonforfeiture standard may be substituted for the
15 commissioner's 1961 standard industrial mortality table or the
16 commissioner's 1961 industrial extended term insurance table.

17 (viii) For policies issued prior to the operative date of the
18 valuation manual, any commissioner's standard ordinary mortality
19 tables, adopted after 1980 by the national association of insurance
20 commissioners, that are approved by rules adopted by the commissioner
21 for use in determining the minimum nonforfeiture standard may be
22 substituted for the commissioners 1980 standard ordinary mortality
23 table with or without ten-year select mortality factors or for the
24 commissioners 1980 extended term insurance table.

25 For policies issued on or after the operative date of the
26 valuation manual, the valuation manual must provide the commissioners
27 standard mortality for use in determining the minimum nonforfeiture
28 standard that may be substituted for the commissioners 1980 standard
29 ordinary mortality table with or without ten-year select mortality
30 factors or for the commissioners 1980 extended term insurance table.
31 If the commissioner approves by rule any commissioners standard
32 ordinary mortality table adopted by the national association of
33 insurance commissioners for use in determining the minimum
34 nonforfeiture standard for policies issued on or after the operative
35 date of the valuation manual, then the minimum nonforfeiture standard
36 supersedes the minimum nonforfeiture standard provided by the
37 valuation manual.

38 (ix) For policies issued prior to the operative date of the
39 valuation manual, any commissioners standard industrial mortality
40 tables, adopted after 1980 by the national association of insurance

1 commissioners, that are approved by rule adopted by the commissioner
2 for use in determining the minimum nonforfeiture standard may be
3 substituted for the commissioners 1961 standard industrial mortality
4 table or the commissioners 1961 industrial extended term insurance
5 table.

6 For policies issued on or after the effective date of the
7 valuation manual, the valuation manual must provide the commissioners
8 standard mortality table for use in determining the minimum
9 nonforfeiture standard that may be substituted for the commissioners
10 1961 standard industrial mortality table or the commissioners 1961
11 industrial extended term insurance table. If the commissioner
12 approves by rule any commissioners standard industrial mortality
13 table adopted by the national association of insurance commissioners
14 for use in determining the minimum nonforfeiture standard for
15 policies issued on or after the operative date of the valuation
16 manual, then that minimum nonforfeiture standard supersedes the
17 minimum nonforfeiture standard provided by the valuation manual.

18 (i)(A) For policies issued prior to the operative date of the
19 valuation manual, the nonforfeiture interest rate per annum for any
20 policy issued in a particular calendar year shall be equal to one
21 hundred twenty-five percent of the calendar year statutory valuation
22 interest rate for such policy as defined in the standard valuation
23 law (chapter 48.74 RCW), rounded to the nearer one quarter of one
24 percent. However, the nonforfeiture interest rate shall not be less
25 than four percent.

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

30 (j) Notwithstanding any other provision in this title to the
31 contrary, any refiling of nonforfeiture values or their methods of
32 computation for any previously approved policy form which involves
33 only a change in the interest rate or mortality table used to compute
34 nonforfeiture values shall not require refiling of any other
35 provisions of that policy form.

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

1 operative date of this section for such company shall be January 1,
2 1989.

3 **Sec. 19.** RCW 42.56.400 and 2015 c 122 s 13 and 2015 c 17 s 10
4 are each reenacted and amended to read as follows:

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

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

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

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

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

21 (5) Information provided under RCW 48.05.510 through 48.05.535,
22 48.43.200 through 48.43.225, 48.44.530 through 48.44.555, and
23 48.46.600 through 48.46.625;

24 (6) Examination reports and information obtained by the
25 department of financial institutions from banks under RCW 30A.04.075,
26 from savings banks under RCW 32.04.220, from savings and loan
27 associations under RCW 33.04.110, from credit unions under RCW
28 31.12.565, from check cashers and sellers under RCW 31.45.030(3), and
29 from securities brokers and investment advisers under RCW 21.20.100,
30 all of which is confidential and privileged information;

31 (7) Information provided to the insurance commissioner under RCW
32 48.110.040(3);

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

36 (9) Documents, materials, or information obtained by the
37 insurance commissioner under RCW 48.31B.015(2) (l) and (m),
38 48.31B.025, 48.31B.030, and 48.31B.035, all of which are confidential
39 and privileged;

1 (10) Data filed under RCW 48.140.020, 48.140.030, 48.140.050, and
2 7.70.140 that, alone or in combination with any other data, may
3 reveal the identity of a claimant, health care provider, health care
4 facility, insuring entity, or self-insurer involved in a particular
5 claim or a collection of claims. For the purposes of this subsection:

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

7 (b) "Health care facility" has the same meaning as in RCW
8 48.140.010(6).

9 (c) "Health care provider" has the same meaning as in RCW
10 48.140.010(7).

11 (d) "Insuring entity" has the same meaning as in RCW
12 48.140.010(8).

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

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

16 (12) Documents, materials, or information obtained by the
17 insurance commissioner under RCW 48.37.060;

18 (13) Confidential and privileged documents obtained or produced
19 by the insurance commissioner and identified in RCW 48.37.080;

20 (14) Documents, materials, or information obtained by the
21 insurance commissioner under RCW 48.37.140;

22 (15) Documents, materials, or information obtained by the
23 insurance commissioner under RCW 48.17.595;

24 (16) Documents, materials, or information obtained by the
25 insurance commissioner under RCW 48.102.051(1) and 48.102.140 (3) and
26 (7)(a)(ii);

27 (17) Documents, materials, or information obtained by the
28 insurance commissioner in the commissioner's capacity as receiver
29 under RCW 48.31.025 and 48.99.017, which are records under the
30 jurisdiction and control of the receivership court. The commissioner
31 is not required to search for, log, produce, or otherwise comply with
32 the public records act for any records that the commissioner obtains
33 under chapters 48.31 and 48.99 RCW in the commissioner's capacity as
34 a receiver, except as directed by the receivership court;

35 (18) Documents, materials, or information obtained by the
36 insurance commissioner under RCW 48.13.151;

37 (19) Data, information, and documents provided by a carrier
38 pursuant to section 1, chapter 172, Laws of 2010;

39 (20) Information in a filing of usage-based insurance about the
40 usage-based component of the rate pursuant to RCW 48.19.040(5)(b);

1 (21) Data, information, and documents, other than those described
2 in RCW 48.02.210(2), that are submitted to the office of the
3 insurance commissioner by an entity providing health care coverage
4 pursuant to RCW 28A.400.275 and 48.02.210;

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

7 (23) Information not subject to public inspection or public
8 disclosure under RCW 48.43.730(5); (~~and~~

9 ~~(23)~~ [(24)]) (24) Documents, materials, or information obtained
10 by the insurance commissioner under chapter 48.05A RCW; and

11 (25) Documents, materials, or information obtained by the
12 insurance commissioner under RCW 48.74.025, sections 6, 13(6), 14(2)
13 (b) and (c), and 15 of this act to the extent such documents,
14 materials, or information independently qualify for exemption from
15 disclosure as documents, materials, or information in possession of
16 the commissioner pursuant to a financial conduct examination and
17 exempt from disclosure under RCW 48.02.065.

18 **Sec. 20.** RCW 42.56.400 and 2015 c 122 s 14 and 2015 c 17 s 11
19 are each reenacted and amended to read as follows:

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

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

25 (2) Information obtained and exempted or withheld from public
26 inspection by the health care authority under RCW 41.05.026, whether
27 retained by the authority, transferred to another state purchased
28 health care program by the authority, or transferred by the authority
29 to a technical review committee created to facilitate the
30 development, acquisition, or implementation of state purchased health
31 care under chapter 41.05 RCW;

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

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

36 (5) Information provided under RCW 48.05.510 through 48.05.535,
37 48.43.200 through 48.43.225, 48.44.530 through 48.44.555, and
38 48.46.600 through 48.46.625;

1 (6) Examination reports and information obtained by the
2 department of financial institutions from banks under RCW 30A.04.075,
3 from savings banks under RCW 32.04.220, from savings and loan
4 associations under RCW 33.04.110, from credit unions under RCW
5 31.12.565, from check cashers and sellers under RCW 31.45.030(3), and
6 from securities brokers and investment advisers under RCW 21.20.100,
7 all of which is confidential and privileged information;

8 (7) Information provided to the insurance commissioner under RCW
9 48.110.040(3);

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

13 (9) Documents, materials, or information obtained by the
14 insurance commissioner under RCW 48.31B.015(2) (l) and (m),
15 48.31B.025, 48.31B.030, and 48.31B.035, all of which are confidential
16 and privileged;

17 (10) Data filed under RCW 48.140.020, 48.140.030, 48.140.050, and
18 7.70.140 that, alone or in combination with any other data, may
19 reveal the identity of a claimant, health care provider, health care
20 facility, insuring entity, or self-insurer involved in a particular
21 claim or a collection of claims. For the purposes of this subsection:

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

23 (b) "Health care facility" has the same meaning as in RCW
24 48.140.010(6).

25 (c) "Health care provider" has the same meaning as in RCW
26 48.140.010(7).

27 (d) "Insuring entity" has the same meaning as in RCW
28 48.140.010(8).

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

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

32 (12) Documents, materials, or information obtained by the
33 insurance commissioner under RCW 48.37.060;

34 (13) Confidential and privileged documents obtained or produced
35 by the insurance commissioner and identified in RCW 48.37.080;

36 (14) Documents, materials, or information obtained by the
37 insurance commissioner under RCW 48.37.140;

38 (15) Documents, materials, or information obtained by the
39 insurance commissioner under RCW 48.17.595;

1 (16) Documents, materials, or information obtained by the
2 insurance commissioner under RCW 48.102.051(1) and 48.102.140 (3) and
3 (7)(a)(ii);

4 (17) Documents, materials, or information obtained by the
5 insurance commissioner in the commissioner's capacity as receiver
6 under RCW 48.31.025 and 48.99.017, which are records under the
7 jurisdiction and control of the receivership court. The commissioner
8 is not required to search for, log, produce, or otherwise comply with
9 the public records act for any records that the commissioner obtains
10 under chapters 48.31 and 48.99 RCW in the commissioner's capacity as
11 a receiver, except as directed by the receivership court;

12 (18) Documents, materials, or information obtained by the
13 insurance commissioner under RCW 48.13.151;

14 (19) Data, information, and documents provided by a carrier
15 pursuant to section 1, chapter 172, Laws of 2010;

16 (20) Information in a filing of usage-based insurance about the
17 usage-based component of the rate pursuant to RCW 48.19.040(5)(b);

18 (21) Data, information, and documents, other than those described
19 in RCW 48.02.210(2), that are submitted to the office of the
20 insurance commissioner by an entity providing health care coverage
21 pursuant to RCW 28A.400.275 and 48.02.210;

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

24 (23) Documents, materials, or information obtained by the
25 insurance commissioner under chapter 48.05A RCW; and

26 (24) Documents, materials, or information obtained by the
27 insurance commissioner under RCW 48.74.025, sections 6, 13(6), 14(2)
28 (b) and (c), and 15 of this act to the extent such documents,
29 materials, or information independently qualify for exemption from
30 disclosure as documents, materials, or information in possession of
31 the commissioner pursuant to a financial conduct examination and
32 exempt from disclosure under RCW 48.02.065.

33 NEW SECTION. Sec. 21. Sections 1 through 19 of this act take
34 effect January 1, 2017.

35 NEW SECTION. Sec. 22. Section 19 of this act expires July 1,
36 2017.

1 NEW SECTION. **Sec. 23.** Section 20 of this act takes effect July
2 1, 2017.

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