

SECOND REGULAR SESSION

SENATE BILL NO. 1079

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR ROBERTS.

5269S.011

ADRIANE D. CROUSE, Secretary

AN ACT

To repeal section 376.380, RSMo, and to enact in lieu thereof one new section relating to the legal minimum standard for valuation of insurance policies and contracts.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 376.380, RSMo, is repealed and one new
2 section enacted in lieu thereof, to be known as section 376.380,
3 to read as follows:

376.380. 1. The legal minimum standard for valuation
2 of policies and contracts and the reserves to be maintained
3 thereon shall be as follows:

4 (1) For those policies and contracts issued prior to
5 the operative date provided in subsection 20 of section
6 376.670:

7 (a) Except as otherwise provided in subdivision (3) of
8 this subsection, the legal minimum standard for valuation of
9 policies of life insurance or annuity contracts issued prior
10 to April 13, 1934, shall be the Actuaries' or Combined
11 Experience Table of Mortality, with interest at the rate of
12 five percent per annum for group annuity contracts and four
13 percent per annum for all other policies and contracts; and
14 for policies of life insurance and annuity contracts issued
15 on and after April 13, 1934, such minimum standard shall be
16 the American Experience Table of Mortality with interest at
17 the rate of five percent per annum for group annuity

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

18 contracts and three and one-half percent per annum for all
19 other policies and contracts;

20 (b) The director may vary the legal minimum standards
21 of interest and mortality for annuity contracts and in
22 particular cases of invalid or substandard lives and other
23 extra hazards, and shall have the right and authority to
24 designate the legal minimum standard for valuation of total
25 and permanent disability benefits and additional accidental
26 death benefits;

27 (c) Policies issued by companies doing business in
28 this state may provide for not more than one year
29 preliminary term insurance by incorporating in the
30 provisions thereof, specifying the premium consideration to
31 be received, a clause plainly showing that the first year's
32 insurance under such policies is term insurance, purchased
33 by the whole or a part of the premium to be received during
34 the first policy year and shall be valued accordingly;
35 provided, that if the premium charged for term insurance
36 under a limited payment life preliminary term policy
37 providing for the payment of all premiums thereon in less
38 than twenty years from the date of the policy, or under an
39 endowment preliminary term policy, exceeds that charged for
40 life insurance twenty payment life preliminary term policies
41 of the same company, the reserve thereon at the end of any
42 year, including the first, shall not be less than the
43 reserve on a twenty payment life preliminary term policy
44 issued in the same year and at the same age, together with
45 an amount which shall be equivalent to the accumulation of a
46 net level premium sufficient to provide for a pure endowment
47 at the end of the premium payment period equal to the
48 difference between the value at the end of such period of
49 such twenty payment life preliminary term policy and the

50 full reserve at such time of such a limited payment life or
51 endowment policy. The premium payment period is the period
52 during which premiums are concurrently payable under such
53 twenty payment life preliminary term policy and such limited
54 payment life or endowment policy;

55 (d) Reserves for all such policies and contracts may
56 be calculated, at the option of the company, according to
57 any standards which produce greater aggregate reserves for
58 all such policies and contracts than the minimum reserves
59 required by this subdivision. In the case of policy
60 obligations of an insolvent life insurance company assumed
61 or reinsured in bulk by an insurance company upon a basis
62 requiring a separate accounting of the business and assets
63 of such insolvent company and an application of any part of
64 the earnings therefrom upon obligations which are not
65 implicit in the original terms of the policies or contracts
66 assumed or reinsured, the director, in order to protect all
67 policyholders of the reinsuring company, including the
68 holders of all policies so assumed or reinsured, and to
69 safeguard the future solvency of such reinsuring company,
70 shall have the right and authority to designate standards of
71 valuation for such reinsured policies and contracts which
72 will produce greater aggregate reserves for all such
73 policies and contracts than the minimum reserves required by
74 this subdivision or the terms and provisions of the policies
75 and contracts so assumed or reinsured, and, in such event,
76 such reinsuring company shall not, thereafter, adopt any
77 lower standards of valuation without the approval of the
78 director.

79 (2) For those policies and contracts issued on or
80 after the operative date provided in subsection 20 of
81 section 376.670:

82 (a) Except as otherwise provided in subdivision (3) of
83 this subsection and subsection 2 of this section, the
84 minimum standard for the valuation of all such policies and
85 contracts shall be the commissioners reserve valuation
86 methods defined in paragraphs (b), (c), (d), (e), and (h) of
87 this subdivision, three and one-half percent interest on all
88 such policies and contracts except those contracts specified
89 in subparagraph c. of this paragraph which consist of
90 single premium annuity contracts and in subparagraph d. of
91 this paragraph which consists of group annuity contracts
92 where the interest rate shall be five percent, and except
93 policies and contracts, other than annuity and pure
94 endowment contracts, issued on or after September 28, 1975,
95 where the interest rate shall be four percent interest for
96 such policies issued prior to September 28, 1979, and four
97 and one-half percent interest for such policies issued on or
98 after September 28, 1979, and the following tables:

99 a. For all ordinary policies of life insurance issued
100 prior to the operative date provided in subsection 12 of
101 section 376.670 on the standard basis, excluding any
102 disability and accidental death benefits in such policies,
103 the Commissioners 1941 Standard Ordinary Mortality Table,
104 and for such policies issued on or after the operative date
105 provided in subsection 12 of section 376.670, and prior to
106 the operative date of subsection 14 of section 376.670, the
107 Commissioners 1958 Standard Ordinary Mortality Table;
108 provided that for any category of such policies issued on or
109 after September 28, 1979, on female risks all modified net
110 premiums and present values referred to in this section may
111 be calculated according to an age not more than six years
112 younger than the actual age of the insured; and for such

113 policies issued on or after the operative date of subsection
114 14 of section 376.670:

115 (i) The Commissioners 1980 Standard Ordinary Mortality
116 Table; or

117 (ii) At the election of the company for any one or
118 more specified plans of life insurance, the Commissioners
119 1980 Standard Ordinary Mortality Table with Ten-Year Select
120 Mortality Factors; or

121 (iii) Any ordinary mortality table, adopted after 1980
122 by the NAIC, that is approved by regulation promulgated by
123 the director for use in determining the minimum standard of
124 valuation for such policies;

125 b. For all industrial life insurance policies issued
126 on the standard basis, excluding any disability and
127 accidental death benefits in such policies, the 1941
128 Standard Industrial Mortality Table for such policies issued
129 prior to the operative date of subsection 13 of section
130 376.670 and for such policies issued on or after such
131 operative date, the Commissioners 1961 Standard Industrial
132 Mortality Table or any industrial mortality table, adopted
133 after 1980 by the NAIC, that is approved by regulation
134 promulgated by the director for use in determining the
135 minimum standard of valuation for such policies;

136 c. For individual annuity and pure endowment
137 contracts, excluding any disability and accidental death
138 benefits in such policies, the 1937 Standard Annuity
139 Mortality Table or, at the option of the company, the
140 Annuity Mortality Table for 1949, Ultimate, or any
141 modification of either of these tables approved by the
142 director;

143 d. For group annuity and pure endowment contracts,
144 excluding any disability and accidental death benefits in

145 such policies, the Group Annuity Mortality Table for 1951,
146 any modification of such table approved by the director, or,
147 at the option of the company, any of the tables or
148 modifications of tables specified for individual annuity and
149 pure endowment contracts;

150 e. For total and permanent disability benefits in or
151 supplementary to ordinary policies or contracts, for
152 policies or contracts issued on or after January 1, 1966,
153 the tables of period two disablement rates and the 1930 to
154 1950 termination rates of the 1952 disability study of the
155 Society of Actuaries, with due regard to the type of benefit
156 or any tables of disablement rates and termination rates,
157 adopted after 1980 by the NAIC, that are approved by
158 regulation promulgated by the director for use in
159 determining the minimum standard of valuation for such
160 policies; for policies or contracts issued on or after
161 January 1, 1961, and prior to January 1, 1966, either such
162 tables or at the option of the company, the Class (3)
163 Disability Table (1926); and for policies issued prior to
164 January 1, 1961, the Class (3) Disability Table (1926). Any
165 such table shall, for active lives, be combined with a
166 mortality table permitted for calculating the reserves for
167 life insurance policies;

168 f. For accidental death benefits in or supplementary
169 to policies issued on or after January 1, 1966, the 1959
170 Accidental Death Benefits Table or any accidental death
171 benefits table, adopted after 1980 by the NAIC, that is
172 approved by regulation promulgated by the director for use
173 in determining the minimum standard of valuation for such
174 policies; for policies issued on or after January 1, 1961,
175 and prior to January 1, 1966, either such table or, at the
176 option of the company, the Inter-Company Double Indemnity

177 Mortality Table; and for policies issued prior to January 1,
178 1961, the Inter-Company Double Indemnity Mortality Table.
179 Either table shall be combined with a mortality table
180 permitted for calculating the reserves for life insurance
181 policies;

182 g. For group life insurance, life insurance issued on
183 the substandard basis and other special benefits, such
184 tables as may be approved by the director;

185 (b) Except as otherwise provided in paragraphs (d),
186 (e), and (h) of this subdivision, reserves according to the
187 commissioners reserve valuation method, for the life
188 insurance and endowment benefits of policies providing for a
189 uniform amount of insurance and requiring the payment of
190 uniform premiums shall be the excess, if any, of the present
191 value, at the date of valuation, of such future guaranteed
192 benefits provided for by such policies, over the then
193 present value of any future modified net premiums therefor.
194 The modified net premiums for any such policy shall be such
195 uniform percentage of the respective contract premiums for
196 such benefits that the present value, at the date of issue
197 of the policy, of all such modified net premiums shall be
198 equal to the sum of the then present value of such benefits
199 provided for by the policy and the excess of a. over b., as
200 follows:

201 a. A net level annual premium equal to the present
202 value, at the date of issue, of such benefits provided for
203 after the first policy year, divided by the present value,
204 at the date of issue, of an annuity of one per annum payable
205 on the first and each subsequent anniversary of such policy
206 on which a premium falls due; provided, however, that such
207 net level annual premium shall not exceed the net level
208 annual premium on the nineteen year premium whole life plan

209 for insurance of the same amount at an age one year higher
210 than the age at issue of such policy;

211 b. A net one year term premium for such benefit
212 provided for in the first policy year; provided, that for
213 any life insurance policy issued on or after January 1,
214 1986, for which the contract premium in the first policy
215 year exceeds that of the second year and for which no
216 comparable additional benefit is provided in the first year
217 for such excess and which provides an endowment benefit or a
218 cash surrender value or a combination thereof in an amount
219 greater than such excess premium, the reserve according to
220 the commissioners reserve valuation method as of any policy
221 anniversary occurring on or before the assumed ending date
222 defined herein as the first policy anniversary on which the
223 sum of any endowment benefit and any cash surrender value
224 then available is greater than such excess premium shall,
225 except as otherwise provided in paragraph (h) of this
226 subdivision, be the greater of the reserve as of such policy
227 anniversary calculated as described in paragraph (b) of this
228 subdivision and the reserve as of such policy anniversary
229 calculated as described in paragraph (b) of this
230 subdivision, but with:

231 (i) The value defined in subparagraph a. of paragraph
232 (b) of this subdivision being reduced by fifteen percent of
233 the amount of such excess first year premium;

234 (ii) All present values of benefits and premiums being
235 determined without reference to premiums or benefits
236 provided for by the policy after the assumed ending date;

237 (iii) The policy being assumed to mature on such date
238 as an endowment; and

239 (iv) The cash surrender value provided on such date
240 being considered as an endowment benefit.

241 In making the above comparison the mortality and interest
242 bases stated in paragraph (a) of this subdivision and
243 subsection 2 of this section shall be used;

244 (c) Reserves according to the commissioners reserve
245 valuation method for:

246 a. Life insurance policies providing for a varying
247 amount of insurance or requiring the payment of varying
248 premiums;

249 b. Group annuity and pure endowment contracts
250 purchased under a retirement plan or plan of deferred
251 compensation, established or maintained by an employer
252 (including a partnership or sole proprietorship) or by an
253 employee organization, or by both, other than a plan
254 providing individual retirement accounts or individual
255 retirement annuities under Section 408 of the Internal
256 Revenue Code, as now or hereafter amended;

257 c. Disability and accidental death benefits in all
258 policies and contracts; and

259 d. All other benefits, except life insurance and
260 endowment benefits in life insurance policies and benefits
261 provided by all other annuity and pure endowment contracts,
262 shall be calculated by a method consistent with the
263 principles of paragraph (b) of this subdivision;

264 (d) Paragraph (e) of this subdivision shall apply to
265 all annuity and pure endowment contracts other than group
266 annuity and pure endowment contracts purchased under a
267 retirement plan or plan of deferred compensation,
268 established or maintained by an employer (including a
269 partnership or sole proprietorship), or by an employee
270 organization, or by both, other than a plan providing
271 individual retirement accounts or individual retirement

272 annuities under Section 408 of the Internal Revenue Code, as
273 now or hereafter amended;

274 (e) Reserves according to the commissioners annuity
275 reserve method for benefits under annuity or pure endowment
276 contracts, excluding any disability and accidental death
277 benefits in such contracts, shall be the greatest of the
278 respective excesses of the present values, at the date of
279 valuation, of the future guaranteed benefits, including
280 guaranteed nonforfeiture benefits, provided for by such
281 contracts at the end of each respective contract year, over
282 the present value, at the date of valuation, of any future
283 valuation considerations derived from future gross
284 considerations, required by the terms of such contract, that
285 become payable prior to the end of such respective contract
286 year. The future guaranteed benefits shall be determined by
287 using the mortality table, if any, and the interest rate, or
288 rates, specified in such contracts for determining
289 guaranteed benefits. The valuation considerations are the
290 portions of the respective gross considerations applied
291 under the terms of such contracts to determine nonforfeiture
292 values;

293 (f) In no event shall a company's aggregate reserves
294 for all life insurance policies, excluding disability and
295 accidental death benefits, be less than the aggregate
296 reserves calculated in accordance with the method set forth
297 in paragraphs (b), (c), (d), (e), (h) and (i) of this
298 subdivision and the mortality table or tables and rate or
299 rates of interest used in calculating nonforfeiture benefits
300 for such policies;

301 (g) In no event shall the aggregate reserves for all
302 policies, contracts and benefits be less than the aggregate
303 reserves determined by the qualified actuary to be necessary

304 to render the opinion required by subsections 4 and 5 of
305 this section;

306 (h) If in any contract year the gross premium charged
307 by any life insurance company on any policy or contract is
308 less than the valuation net premium for the policy or
309 contract calculated by the method used in calculating the
310 reserve thereon but using the minimum valuation standards of
311 mortality and rate of interest, the minimum reserve required
312 for such policy or contract shall be the greater of either
313 the reserve calculated according to the mortality table,
314 rate of interest, and method actually used for such policy
315 or contract, or the reserve calculated by the method
316 actually used for such policy or contract but using the
317 minimum valuation standards of mortality and rate of
318 interest and replacing the valuation net premium by the
319 actual gross premium in each contract year for which the
320 valuation net premium exceeds the actual gross premium. The
321 minimum valuation standards of mortality and rate of
322 interest referred to in this section are those standards
323 stated in paragraph (a) of this subdivision and subsection 2
324 of this section; provided, that for any life insurance
325 policy issued on or after January 1, 1986, for which the
326 gross premium in the first policy year exceeds that of the
327 second year and for which no comparable additional benefit
328 is provided in the first year for such excess and which
329 provides an endowment benefit or a cash surrender value or a
330 combination thereof in an amount greater than such excess
331 premium, the foregoing provisions of this paragraph shall be
332 applied as if the method actually used in calculating the
333 reserve for such policy were the method described in
334 paragraph (b) of this subdivision. The minimum reserve at
335 each policy anniversary of such a policy shall be the

336 greater of the minimum reserve calculated in accordance with
337 paragraphs (b) and (c) of this subdivision and the minimum
338 reserve calculated in accordance with this paragraph;

339 (i) In the case of any plan of life insurance which
340 provides for future premium determination, the amounts of
341 which are to be determined by the insurance company based on
342 then estimates of future experience, or in the case of any
343 plan of life insurance or annuity which is of such a nature
344 that the minimum reserves cannot be determined by the
345 methods described in paragraphs (b) to (e) of this
346 subdivision, and paragraph (h) of this subdivision, the
347 reserves which are held under any such plan must:

348 a. Be appropriate in relation to the benefits and the
349 pattern of premiums for that plan; and

350 b. Be computed by a method which is consistent with
351 the principles of this section as determined by regulations
352 promulgated by the director.

353 (3) Except as provided in subsection 2 of this
354 section, the minimum standard for the valuation of all
355 individual annuity and pure endowment contracts issued on or
356 after the operative date of this subdivision, as defined
357 herein, and for all annuities and pure endowments purchased
358 on or after such operative date under group annuity and pure
359 endowment contracts, shall be the commissioners reserve
360 valuation methods defined in paragraphs (b), (c), (d), and
361 (e) of subdivision (2) of this subsection, and the following
362 tables and interest rates:

363 (a) For individual annuity and pure endowment
364 contracts issued prior to September 28, 1979, excluding any
365 disability and accidental death benefits in such contracts,
366 the 1971 Individual Annuity Mortality Table, or any
367 modification of this table approved by the director, and six

368 percent interest for single premium immediate annuity
369 contracts, and four percent interest for all other
370 individual annuity and pure endowment contracts;

371 (b) For individual single premium immediate annuity
372 contracts issued on or after September 28, 1979, excluding
373 any disability and accidental death benefits in such
374 contracts, the 1971 Individual Annuity Mortality Table, or
375 any individual annuity mortality table adopted after 1980 by
376 the NAIC, that is approved by regulation promulgated by the
377 director for use in determining the minimum standard of
378 valuation for such contracts, or any modification of these
379 tables approved by the director, and seven and one-half
380 percent interest;

381 (c) For individual annuity and pure endowment
382 contracts issued on or after September 28, 1979, other than
383 single premium immediate annuity contracts, excluding any
384 disability and accidental death benefits in such contracts,
385 the 1971 Individual Annuity Mortality Table, or any
386 individual annuity mortality table adopted after 1980 by the
387 NAIC, that is approved by regulation promulgated by the
388 director for use in determining the minimum standard of
389 valuation for such contracts, or any modification of these
390 tables approved by the director, and five and one-half
391 percent interest for single premium deferred annuity and
392 pure endowment contracts and four and one-half percent
393 interest for all other such individual annuity and pure
394 endowment contracts;

395 (d) For all annuities and pure endowments purchased
396 prior to September 28, 1979, under group annuity and pure
397 endowment contracts, excluding any disability and accidental
398 death benefits purchased under such contracts, the 1971

399 Group Annuity Mortality Table, or any modification of this
400 table approved by the director, and six percent interest;

401 (e) For all annuities and pure endowments purchased on
402 or after September 28, 1979, under group annuity and pure
403 endowment contracts, excluding any disability and accidental
404 death benefits purchased under such contracts, the 1971
405 Group Annuity Mortality Table, or any group annuity
406 mortality table adopted after 1980 by the NAIC, that is
407 approved by regulation promulgated by the director for use
408 in determining the minimum standard of valuation for such
409 annuities and pure endowments, or any modification of these
410 tables approved by the director, and seven and one-half
411 percent interest;

412 (f) On and after September 28, 1975, any company may
413 file with the director a written notice of its election to
414 comply with the provisions of this subdivision after a
415 specified date before January 1, 1980, which shall be the
416 operative date of this subdivision for such company,
417 provided a company may elect a different operative date for
418 individual annuity and pure endowment contracts from that
419 elected for group annuity and pure endowment contracts. If
420 a company makes no such election, the operative date of this
421 subdivision for such company shall be January 1, 1980.

422 2. (1) The calendar year statutory valuation interest
423 rates as defined in this subsection shall be the interest
424 rates used in determining the minimum standard for the
425 valuation of:

426 (a) All life insurance policies issued in a particular
427 calendar year, on or after the operative date of subsection
428 14 of section 376.670;

429 (b) All individual annuity and pure endowment
430 contracts issued in a particular calendar year on or after
431 January 1, 1983;

432 (c) All annuities and pure endowment contracts
433 purchased in a particular calendar year on or after January
434 1, 1983, under group annuity and pure endowment contracts;
435 and

436 (d) The net increase, if any, in a particular calendar
437 year after January 1, 1983, in amounts held under guaranteed
438 interest contracts.

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

442 (a) For life insurance:

443 $I = .03 + W (R_1 - .03) + W/2 (R_2 - .09);$

444 (b) For single premium immediate annuities and for
445 annuity benefits involving life contingencies arising from
446 other annuities with cash settlement options and from
447 guaranteed interest contracts with cash settlement options:

448 $I = .03 + W (R - .03)$, where R_1 is the lesser of R
449 and $.09$; R_2 is the greater of R and $.09$; R is
450 the reference interest rate defined in this
451 subsection; and W is the weighting factor
452 defined in this subsection;

453 (c) For other annuities with cash settlement options
454 and guaranteed interest contracts with cash settlement
455 options, valued on an issue year basis, except as stated in
456 paragraph (b) of this subdivision, the formula for life
457 insurance stated in paragraph (a) of this subdivision shall
458 apply to annuities and guaranteed interest contracts with
459 guarantee durations in excess of ten years and the formula
460 for single premium immediate annuities stated in paragraph

461 (b) of this subdivision shall apply to annuities and
462 guaranteed interest contracts with guarantee durations of
463 ten years or less;

464 (d) For other annuities with no cash settlement
465 options and for guaranteed interest contracts with no cash
466 settlement options, the formula for single premium immediate
467 annuities stated in paragraph (b) of this subdivision shall
468 apply;

469 (e) For other annuities with cash settlement options
470 and guaranteed interest contracts with cash settlement
471 options, valued on a change in fund basis, the formula for
472 single premium immediate annuities stated in paragraph (b)
473 of this subdivision shall apply. If the calendar year
474 statutory valuation interest rate for any life insurance
475 policies issued in any calendar year determined without
476 reference to this sentence differs from the corresponding
477 actual rate for similar policies issued in the immediately
478 preceding calendar year by less than one-half of one
479 percent, the calendar year statutory valuation interest rate
480 for such life insurance policies shall be equal to the
481 corresponding actual rate for the immediately preceding
482 calendar year. For purposes of applying the immediately
483 preceding sentence, the calendar year statutory valuation
484 interest rate for life insurance policies issued in a
485 calendar year shall be determined for 1980 (using the
486 reference interest rate defined for 1979) and shall be
487 determined for each subsequent calendar year regardless of
488 when subsection 14 of section 376.670 becomes operative.

489 (3) The weighting factors referred to in the formulas
490 stated in subdivision (2) of this subsection are given in
491 the following tables:

492 (a) Weighting factors for life insurance:

493	Guarantee	Weighting
494	Duration	Factors
495	(Years)	
496	10 or less	.50
497	More than 10, but not more	.45
498	than 20	
499	More than 20	.35

500 For life insurance, the guarantee duration is the maximum
 501 number of years the life insurance can remain in force on a
 502 basis guaranteed in the policy or under options to convert
 503 to plans of life insurance with premium rates or
 504 nonforfeiture values or both which are guaranteed in the
 505 original policy;

506 (b) Weighting factor for single premium immediate
 507 annuities and for annuity benefits involving life
 508 contingencies arising from other annuities with cash
 509 settlement options and guaranteed interest contracts with
 510 cash settlement options: .80;

511 (c) Weighting factors for other annuities and for
 512 guaranteed interest contracts, except as stated in paragraph
 513 (b) of this subdivision, shall be as specified in
 514 subparagraphs a., b., and c. of this paragraph, according to
 515 the rules and definitions in subparagraphs d., e., and f. of
 516 this paragraph:

517 a. For annuities and guaranteed interest contracts
 518 valued on an issue year basis:

519	Guarantee	Weighting Factor		
520	Duration	for Plan Type		
521	(Years)	A	B	C

522	5 or less:	.80	.60	.50
523	More than 5, but not more than	.75	.60	.50
524	10:			
525	More than 10, but not more than	.65	.50	.45
526	20:			
527	More than 20:	.45	.35	.35

528 b. For annuities and guaranteed interest contracts
 529 valued on a change in fund basis, the factors shown in
 530 subparagraph a. of this paragraph increased by:

531	Plan Type		
532	A	B	C
533	.15	.25	.05

534 c. For annuities and guaranteed interest contracts
 535 valued on an issue year basis (other than those with no cash
 536 settlement options) which do not guarantee interest on
 537 considerations received more than one year after issue or
 538 purchase and for annuities and guaranteed interest contracts
 539 valued on a change in fund basis which do not guarantee
 540 interest rates on considerations received more than twelve
 541 months beyond the valuation date, the factors shown in
 542 subparagraph a. of this paragraph or derived in subparagraph
 543 b. of this paragraph increased by:

544	Plan Type		
545	A	B	C
546	.05	.05	.05

547 d. For other annuities with cash settlement options
548 and guaranteed interest contracts with cash settlement
549 options, the guarantee duration is the number of years for
550 which the contract guarantees interest rates in excess of
551 the calendar year statutory valuation interest rate for life
552 insurance policies with guarantee duration in excess of
553 twenty years. For other annuities with no cash settlement
554 options and for guaranteed interest contracts with no cash
555 settlement options, the guarantee duration is the number of
556 years from the date of issue or date of purchase to the date
557 annuity benefits are scheduled to commence;

558 e. Plan type as used in subparagraphs a., b., and c.
559 of this paragraph is defined as follows:

560 Plan Type A: At any time policyholder may withdraw
561 funds only with an adjustment to reflect changes in interest
562 rates or asset values since receipt of the funds by the
563 insurance company, or without such adjustment but in
564 installments over five years or more, or as an immediate
565 life annuity, or no withdrawal permitted;

566 Plan Type B: Before expiration of the interest rate
567 guarantee, policyholder may withdraw funds only with an
568 adjustment to reflect changes in interest rates or asset
569 values since receipt of the funds by the insurance company,
570 or without such adjustment but in installments over five
571 years or more, or no withdrawal permitted. At the end of
572 interest rate guarantee, funds may be withdrawn without such
573 adjustment in a single sum or installments over fewer than
574 five years;

575 Plan Type C: Policyholder may withdraw funds before
576 expiration of interest rate guarantee in a single sum or
577 installments over fewer than five years either without
578 adjustment to reflect changes in interest rates or asset

579 values since receipt of the funds by the insurance company,
580 or subject only to a fixed surrender charge stipulated in
581 the contract as a percentage of the fund;

582 f. A company may elect to value guaranteed interest
583 contracts with cash settlement options and annuities with
584 cash settlement options on either an issue year basis or on
585 a change in fund basis. Guaranteed interest contracts with
586 no cash settlement options and other annuities with no cash
587 settlement options must be valued on an issue year basis.
588 As used in this subsection an issue year basis of valuation
589 refers to a valuation basis under which the interest rate
590 used to determine the minimum valuation standard for the
591 entire duration of the annuity or guaranteed interest
592 contract is the calendar year valuation interest rate for
593 the year of issue or year of purchase of the annuity or
594 guaranteed interest contract, and the change in fund basis
595 of valuation refers to a valuation basis under which the
596 interest rate used to determine the minimum valuation
597 standard applicable to each change in the fund held under
598 the annuity or guaranteed interest contract is the calendar
599 year valuation interest rate for the year of the change in
600 the fund.

601 (4) The "reference interest rate" referred to in
602 subdivision (2) of this subsection shall be defined as
603 follows:

604 (a) For all life insurance, the lesser of the average
605 over a period of thirty-six months and the average over a
606 period of twelve months, ending on June thirtieth of the
607 calendar year next preceding the year of issue, of the
608 Monthly Average of the Composite Yield on Seasoned Corporate
609 Bonds, as published by Moody's Investors Service, Inc.;

610 (b) For single premium immediate annuities and for
611 annuity benefits involving life contingencies arising from
612 other annuities with cash settlement options and guaranteed
613 interest contracts with cash settlement options, the average
614 over a period of twelve months, ending on June thirtieth of
615 the calendar year of issue or purchase, of the Monthly
616 Average of the Composite Yield on Seasoned Corporate Bonds,
617 as published by Moody's Investors Service, Inc.;

618 (c) For other annuities with cash settlement options
619 and guaranteed interest contracts with cash settlement
620 options, valued on a year of issue basis, except as stated
621 in paragraph (b) of this subdivision, with guarantee
622 duration in excess of ten years, the lesser of the average
623 over a period of thirty-six months and the average over a
624 period of twelve months, ending on June thirtieth of the
625 calendar year of issue or purchase, of the Monthly Average
626 of the Composite Yield on Seasoned Corporate Bonds, as
627 published by Moody's Investors Service, Inc.;

628 (d) For other annuities with cash settlement options
629 and guaranteed interest contracts with cash settlement
630 options, valued on a year of issue basis, except as stated
631 in paragraph (b) of this subdivision, with guarantee
632 duration of ten years or less, the average over a period of
633 twelve months, ending on June thirtieth of the calendar year
634 of issue or purchase, of the Monthly Average of the
635 Composite Yield on Seasoned Corporate Bonds, as published by
636 Moody's Investors Service, Inc.;

637 (e) For other annuities with no cash settlement
638 options and for guaranteed interest contracts with no cash
639 settlement options, the average over a period of twelve
640 months, ending on June thirtieth of the calendar year of
641 issue or purchase, of the Monthly Average of the Composite

642 Yield on Seasoned Corporate Bonds, as published by Moody's
643 Investors Service, Inc.;

644 (f) For other annuities with cash settlement options
645 and guaranteed interest contracts with cash settlement
646 options, valued on a change in fund basis, except as stated
647 in paragraph (b) of this subdivision, the average over a
648 period of twelve months, ending on June thirtieth of the
649 calendar year of the change in the fund, of the Monthly
650 Average of the Composite Yield on Seasoned Corporate Bonds,
651 as published by Moody's Investors Service, Inc.

652 (5) In the event that the Monthly Average of the
653 Composite Yield on Seasoned Corporate Bonds is no longer
654 published by Moody's Investors Service, Inc., or in the
655 event that the NAIC determines that the Monthly Average of
656 the Composite Yield on Seasoned Corporate Bonds as published
657 by Moody's Investors Service, Inc., is no longer appropriate
658 for the determination of the reference interest rate, then
659 an alternative method for determination of the reference
660 interest rate, which is adopted by the NAIC and approved by
661 regulation promulgated by the director, may be substituted.

662 3. For accident and health insurance contracts issued
663 on or after the operative date of the valuation manual, the
664 standard prescribed in the valuation manual is the minimum
665 standard of valuation required under subsection 2 of section
666 376.370. For disability, accident and sickness, and
667 accident and health insurance contracts issued on or after
668 the operative date provided in subsection 20 of section
669 376.670 and prior to the operative date of the valuation
670 manual, the minimum standard of valuation is the standard
671 adopted by the director by regulation.

672 4. (1) This subsection shall apply to actuarial
673 opinions of reserves prior to the date of the valuation
674 manual.

675 (2) Every life insurance company doing business in
676 this state shall annually submit the opinion of a qualified
677 actuary as to whether the reserves and related actuarial
678 items held in support of the policies and contracts
679 specified by the director by regulation are computed
680 appropriately, are based on assumptions which satisfy
681 contractual provisions, are consistent with prior reported
682 amounts and comply with applicable laws of this state. The
683 director by regulation shall define the specifics of this
684 opinion and add any other items deemed to be necessary to
685 its scope.

686 (3) (a) Every life insurance company, except as
687 exempted by or pursuant to regulation, shall also annually
688 include in the opinion required by subdivision (2) of this
689 subsection, an opinion of the same qualified actuary as to
690 whether the reserves and related actuarial items held in
691 support of the policies and contracts specified by the
692 director by regulation, when considered in light of the
693 assets held by the company with respect to the reserves and
694 related actuarial items, including but not limited to the
695 investment earnings on the assets and the considerations
696 anticipated to be received and retained under the policies
697 and contracts, make adequate provision for the company's
698 obligations under the policies and contracts, including but
699 not limited to the benefits under and expenses associated
700 with the policies and contracts.

701 (b) The director may provide by regulation for a
702 transition period for establishing any higher reserves which

703 the qualified actuary may deem necessary in order to render
704 the opinion required by this subsection.

705 (4) Each opinion required by subdivision (3) of this
706 subsection shall be governed by the following provisions:

707 (a) A memorandum, in form and substance acceptable to
708 the director as specified by regulation, shall be prepared
709 to support each actuarial opinion; and

710 (b) If the insurance company fails to provide a
711 supporting memorandum at the request of the director within
712 a period specified by regulation or the director determines
713 that the supporting memorandum provided by the insurance
714 company fails to meet the standards prescribed by the
715 regulations or is otherwise unacceptable to the director,
716 the director may engage a qualified actuary at the expense
717 of the company to review the opinion and the basis for the
718 opinion and prepare such supporting memorandum as is
719 required by the director.

720 (5) Every opinion required by this subsection shall be
721 governed by the following provisions:

722 (a) The opinion shall be submitted with the annual
723 statement reflecting the valuation of such reserve
724 liabilities for each year ending on or after December 31,
725 1993;

726 (b) The opinion shall apply to all business in force
727 including individual and group health insurance plans, in
728 form and substance acceptable to the director as specified
729 by regulation;

730 (c) The opinion shall be based on standards adopted
731 from time to time by the Actuarial Standards Board and on
732 such additional standards as the director may by regulation
733 prescribe;

734 (d) In the case of an opinion required to be submitted
735 by a foreign or alien company, the director may accept the
736 opinion filed by that company with the insurance supervisory
737 official of another state if the director determines that
738 the opinion reasonably meets the requirements applicable to
739 a company domiciled in this state;

740 (e) For the purposes of this section, "qualified
741 actuary" means a member in good standing of the American
742 Academy of Actuaries who meets the requirements set forth in
743 such regulations;

744 (f) Except in cases of fraud or willful misconduct,
745 the qualified actuary shall not be liable for damages to any
746 person, other than the insurance company and the director,
747 for any act, error, omission, decision or conduct with
748 respect to the actuary's opinion;

749 (g) Disciplinary action by the director against the
750 company or the qualified actuary shall be defined in
751 regulations by the director; and

752 (h) Any memorandum in support of the opinion, and any
753 other material provided by the company to the director in
754 connection therewith, shall be kept confidential by the
755 director and shall not be made public and shall not be
756 subject to subpoena, other than for the purpose of defending
757 an action seeking damages from any person by reason of any
758 action required by this section or by regulations
759 promulgated hereunder; except that the memorandum or other
760 material may otherwise be released by the director:

- 761 a. With the written consent of the company; or
- 762 b. To the American Academy of Actuaries upon request
763 stating that the memorandum or other material is required
764 for the purpose of professional disciplinary proceedings and
765 setting forth procedures satisfactory to the director for

766 preserving the confidentiality of the memorandum or other
767 material.

768 Once any portion of the confidential memorandum is cited by
769 the company in its marketing or is cited before any
770 governmental agency other than a state insurance department
771 or is released by the company to the news media, all
772 portions of the confidential memorandum shall be no longer
773 confidential.

774 5. (1) This subsection shall apply to actuarial
775 opinions of reserves after the operative date of the
776 valuation manual.

777 (2) Every company with outstanding life insurance
778 contracts, accident and health insurance contracts, or
779 deposit-type contracts in Missouri and subject to regulation
780 by the director shall annually submit the opinion of the
781 appointed actuary as to whether the reserves and related
782 actuarial items held in support of the policies and
783 contracts are computed appropriately, are based on
784 assumptions that satisfy contractual provisions, are
785 consistent with prior reported amounts, and comply with
786 applicable Missouri law. The valuation manual shall
787 prescribe the specifics of such opinion, including any items
788 deemed to be necessary to its scope.

789 (3) Every company with outstanding life insurance
790 contracts, accident and health insurance contracts, or
791 deposit-type contracts in Missouri and subject to regulation
792 by the director, except as exempted in the valuation manual,
793 shall also annually include in the opinion required under
794 subdivision (2) of this subsection an opinion of the same
795 appointed actuary as to whether the reserves and related
796 actuarial items held in support of the policies and

797 contracts specified in the valuation manual, when considered
798 in light of the assets held by the company with respect to
799 the reserves and related actuarial items including, but not
800 limited to, the investment earnings on the assets and the
801 considerations anticipated to be received and retained under
802 the policies and contracts, make adequate provision for the
803 company's obligations under the policies and contracts
804 including, but not limited to, benefits under and expenses
805 associated with the policies and contracts.

806 (4) Each opinion required by subdivision (3) of this
807 subsection shall be governed by the following provisions:

808 (a) A memorandum, in form and substance as specified
809 in the valuation manual and acceptable to the director,
810 shall be prepared to support each actuarial opinion; and

811 (b) If the insurance company fails to provide a
812 supporting memorandum at the request of the director within
813 a period specified in the valuation manual or the director
814 determines that the supporting memorandum provided by the
815 insurance company fails to meet the standards prescribed by
816 the valuation manual or is otherwise unacceptable to the
817 director, the director may engage a qualified actuary at the
818 expense of the company to review the opinion and the basis
819 for the opinion and prepare the supporting memorandum
820 required by the director.

821 (5) Every opinion required by this subsection shall be
822 governed by the following:

823 (a) The opinion shall be in form and substance as
824 specified in the valuation manual and acceptable to the
825 director;

826 (b) The opinion shall be submitted with the annual
827 statement reflecting the valuation of such reserve

828 liabilities for each year ending on or after the operative
829 date of the valuation manual;

830 (c) The opinion shall apply to all policies and
831 contracts subject to subdivision (3) of this subsection,
832 plus other actuarial liabilities as may be specified in the
833 valuation manual;

834 (d) The opinion shall be based on standards adopted
835 from time to time by the Actuarial Standards Board or its
836 successor, and on such additional standards as may be
837 prescribed in the valuation manual;

838 (e) In the case of an opinion required to be submitted
839 by a foreign or alien company, the director may accept the
840 opinion filed by such company with the insurance supervisory
841 official of another state if the director determines that
842 the opinion reasonably meets the requirements applicable to
843 a company domiciled in Missouri;

844 (f) Except in cases of fraud or willful misconduct,
845 the appointed actuary shall not be liable for damages to any
846 person, other than the insurance company and the director,
847 for any act, error, omission, decision, or conduct with
848 respect to the appointed actuary's opinion; and

849 (g) Disciplinary action by the director against the
850 company or the appointed actuary shall be defined in
851 regulations by the director.

852 6. (1) For policies issued on or after the operative
853 date of the valuation manual, the standard prescribed in the
854 valuation manual is the minimum standard of valuation
855 required under subsection 2 of section 376.370, except as
856 provided under subdivision (5) or (7) of this subsection.

857 (2) The operative date of the valuation manual is
858 January first of the first calendar year following the first
859 July first as of which all of the following have occurred:

860 (a) The valuation manual has been adopted by the NAIC
861 by an affirmative vote of at least forty-two members or
862 three-fourths of the members voting, whichever is greater;

863 (b) The standard valuation law as amended by the NAIC
864 in 2009 or legislation including substantially similar terms
865 and provisions has been enacted by states representing
866 greater than seventy-five percent of the direct premiums
867 written as reported in the following annual statements
868 submitted for 2008: life, accident, and health annual
869 statements; health annual statements; or fraternal annual
870 statements;

871 (c) The standard valuation law as amended by the NAIC
872 in 2009 or legislation including substantially similar terms
873 and provisions has been enacted by at least forty-two of the
874 following fifty-five jurisdictions: the fifty states of the
875 United States, American Samoa, the American Virgin Islands,
876 the District of Columbia, Guam, and Puerto Rico; and

877 (d) The valuation manual becomes effective under an
878 order of the director.

879 (3) Unless a change in the valuation manual specifies
880 a later effective date, changes to the valuation manual
881 shall be effective on January first following the date when
882 all of the following have occurred:

883 (a) The change to the valuation manual has been
884 adopted by the NAIC by an affirmative vote representing:

885 a. At least three-fourths of the members of the NAIC
886 voting, but not less than a majority of the total
887 membership; and

888 b. Members of the NAIC representing jurisdictions
889 totaling greater than seventy-five percent of the direct
890 premiums written as reported in the following annual
891 statements most recently available prior to the vote in

892 subparagraph a. of this paragraph: life, accident, and
893 health annual statements; health annual statements; or
894 fraternal annual statements;

895 (b) The valuation manual becomes effective under an
896 order of the director.

897 (4) The valuation manual shall specify all of the
898 following:

899 (a) Minimum valuation standards for and definitions of
900 the policies or contracts subject to subsection 2 of section
901 376.370. Such minimum standards shall be:

902 a. The commissioners reserve valuation method for life
903 insurance contracts, other than annuity contracts, subject
904 to subsection 2 of section 376.370;

905 b. The commissioners annuity reserve valuation method
906 for annuity contracts subject to subsection 2 of section
907 376.370; and

908 c. Minimum reserves for all other policies and
909 contracts subject to subsection 2 of section 376.370;

910 (b) Which policies or contracts or types of policies
911 or contracts are subject to the requirements of a principle-
912 based valuation under subdivision (1) of subsection 7 of
913 this section and the minimum valuation standards consistent
914 with such requirements;

915 (c) For policies and contracts subject to principle-
916 based valuation under subsection 7 of this section:

917 a. Requirements for the format of reports to the
918 director under paragraph (c) of subdivision (2) of
919 subsection 7 of this section and which shall include
920 information necessary to determine if the valuation is
921 appropriate and in compliance with sections 376.365 to
922 376.380;

923 b. Assumptions which shall be prescribed for risks
924 over which the company does not have significant control or
925 influence;

926 c. Procedures for corporate governance and oversight
927 of the actuarial function, and a process for appropriate
928 waiver or modification of such procedures;

929 (d) For policies not subject to a principle-based
930 valuation under subsection 7 of this section, the minimum
931 valuation standard shall either:

932 a. Be consistent with the minimum standard of
933 valuation prior to the operative date of the valuation
934 manual; or

935 b. Develop reserves that quantify the benefits and
936 guarantees, and the funding, associated with the contracts
937 and their risks at a level of conservatism that reflects
938 conditions that include unfavorable events that have a
939 reasonable probability of occurring;

940 (e) Other requirements including, but not limited to,
941 those relating to reserve methods, models for measuring
942 risk, generation of economic scenarios, assumptions,
943 margins, use of company experience, risk measurement,
944 disclosure, certifications, reports, actuarial opinions and
945 memorandums, transition rules, and internal controls; and

946 (f) The data and form of the data required under
947 subsection 8 of this section, to whom the data shall be
948 submitted, and may specify other requirements, including
949 data analyses and reporting of analyses.

950 (5) In the absence of a specific valuation requirement
951 or if a specific valuation requirement in the valuation
952 manual is not, in the opinion of the director, in compliance
953 with sections 376.365 to 376.380, the company shall, with

954 respect to such requirements, comply with minimum valuation
955 standards prescribed by the director by regulation.

956 (6) The director may engage a qualified actuary, at
957 the expense of the company, to perform an actuarial
958 examination of the company and opine on the appropriateness
959 of any reserve assumption or method used by the company, or
960 to review and opine on a company's compliance with any
961 requirement set forth in sections 376.365 to 376.380. The
962 director may rely upon the opinion regarding provisions
963 contained in sections 376.365 to 376.380 of a qualified
964 actuary engaged by the director of another state, district,
965 or territory of the United States. As used in this
966 subdivision, engage includes employment and contracting.

967 (7) The director may require a company to change any
968 assumption or method that in the opinion of the director is
969 necessary in order to comply with the requirements of the
970 valuation manual or sections 376.365 to 376.380, and the
971 company shall adjust the reserves as required by the
972 director. The director may take other disciplinary action
973 as permitted under chapter 354 and chapters 374 to 385.

974 7. (1) A company shall establish reserves using a
975 principle-based valuation that meets the following
976 conditions for policies or contracts as specified in the
977 valuation manual:

978 (a) Quantify the benefits and guarantees, and the
979 funding, associated with the contracts and their risks at a
980 level of conservatism that reflects conditions that include
981 unfavorable events that have a reasonable probability of
982 occurring during the lifetime of the contracts. For
983 policies or contracts with significant tail risk, the
984 company's valuation shall reflect conditions appropriately
985 adverse to quantify the tail risk;

986 (b) Incorporate assumptions, risk analysis methods,
987 and financial models and management techniques that are
988 consistent with, but not necessarily identical to, those
989 utilized within the company's overall risk assessment
990 process, while recognizing potential differences in
991 financial reporting structures and any prescribed
992 assumptions or methods;

993 (c) Incorporate assumptions that are derived in one of
994 the following manners:

995 a. The assumption is prescribed in the valuation
996 manual; or

997 b. For assumptions that are not prescribed, the
998 assumption shall:

999 (i) Be established utilizing the company's available
1000 experience to the extent it is relevant and statistically
1001 credible; or

1002 (ii) To the extent that company data is not available,
1003 relevant, or statistically credible, be established
1004 utilizing other relevant statistically credible experience;

1005 (d) Provide margins for uncertainty, including adverse
1006 deviation and estimation error, such that the greater the
1007 uncertainty the larger the margin and resulting reserve.

1008 (2) A company using a principle-based valuation for
1009 one or more policies or contracts subject to this section as
1010 specified in the valuation manual shall:

1011 (a) Establish procedures for corporate governance and
1012 oversight of the actuarial valuation function consistent
1013 with those described in the valuation manual;

1014 (b) Provide to the director an annual certification of
1015 the effectiveness of the internal controls with respect to
1016 the principle-based valuation. Such controls shall be
1017 designed to ensure that all material risks inherent in the

1018 liabilities and associated assets subject to such valuation
1019 are included in the valuation and that valuations are made
1020 in accordance with the valuation manual. The certification
1021 shall be based on the controls in place as of the end of the
1022 preceding calendar year;

1023 (c) Develop, and file with the director upon request,
1024 a principle-based valuation report that complies with
1025 standards prescribed in the valuation manual.

1026 (3) A principle-based valuation may include a
1027 prescribed formulaic reserve component.

1028 8. For policies in force on or after the operative
1029 date of the valuation manual, a company shall submit
1030 mortality, morbidity, policyholder behavior, or expense
1031 experience and other data as prescribed in the valuation
1032 manual.

1033 9. (1) For purposes of this subsection, "confidential
1034 information" means:

1035 (a) A memorandum in support of an opinion submitted
1036 under subsection 4 or 5 of this section and any other
1037 documents, materials, and other information including, but
1038 not limited to, all working papers and copies thereof
1039 created, produced, or obtained by or disclosed to the
1040 director or any other person in connection with such
1041 memorandum;

1042 (b) All documents, materials, and other information
1043 including, but not limited to, all working papers and copies
1044 thereof created, produced, or obtained by or disclosed to
1045 the director or any other person in the course of an
1046 examination made under subdivision (6) of subsection 6 of
1047 this section; provided, however, that if an examination
1048 report or other material prepared in connection with an
1049 examination made under section 374.205 is not held as

1050 private and confidential information under section 374.205,
1051 an examination report or other material prepared in
1052 connection with an examination made under subdivision (6) of
1053 subsection 6 of this section shall not be confidential
1054 information to the same extent as if such examination report
1055 or other material had been prepared under section 374.205;

1056 (c) Any reports, documents, materials, and other
1057 information developed by a company in support of or in
1058 connection with an annual certification by the company under
1059 paragraph (b) of subdivision (2) of subsection 7 of this
1060 section evaluating the effectiveness of the company's
1061 internal controls with respect to a principle-based
1062 valuation and any other documents, materials, and other
1063 information including, but not limited to, all working
1064 papers and copies thereof created, produced, or obtained by
1065 or disclosed to the director or any other person in
1066 connection with such reports, documents, material, and other
1067 information;

1068 (d) Any principle-based valuation report developed
1069 under paragraph (c) of subdivision (2) of subsection 7 of
1070 this section and any other documents, materials, and other
1071 information including, but not limited to, all working
1072 papers and copies thereof created, produced, or obtained by
1073 or disclosed to the director or any other person in
1074 connection with such report; and

1075 (e) Any documents, materials, data, and other
1076 information submitted by a company under subsection 8 of
1077 this section (collectively, "experience data") and any
1078 other documents, materials, data, and other information
1079 including, but not limited to, all working papers and copies
1080 thereof created or produced in connection with such
1081 experience data, in each case that include any potentially

1082 company-identifying or personally identifiable information,
1083 that is provided to or obtained by the director (together
1084 with any "experience data", the "experience materials") and
1085 any other documents, materials, data, and other information
1086 including, but not limited to, all working papers and copies
1087 thereof created, produced, or obtained by or disclosed to
1088 the director or any other person in connection with such
1089 experience materials.

1090 (2) (a) Except as provided in this subsection, a
1091 company's confidential information is confidential by law
1092 and privileged, and shall not be subject to chapter 610,
1093 shall not be subject to subpoena, and shall not be subject
1094 to discovery or admissible in evidence in any private civil
1095 action; provided, however, that the director is authorized
1096 to use the confidential information in the furtherance of
1097 any regulatory or legal action brought against the company
1098 as a part of the director's official duties.

1099 (b) Neither the director nor any person who received
1100 confidential information while acting under the authority of
1101 the director shall be permitted or required to testify in
1102 any private civil action concerning any confidential
1103 information.

1104 (c) In order to assist in the performance of the
1105 director's duties, the director may share confidential
1106 information with:

1107 a. Other state, federal, and international regulatory
1108 agencies and with the NAIC and its affiliates and
1109 subsidiaries; and

1110 b. In the case of confidential information specified
1111 in paragraphs (a) and (d) of subdivision (1) of this
1112 subsection only, the Actuarial Board for Counseling and
1113 Discipline or its successor upon request stating that the

1114 confidential information is required for the purpose of
1115 professional disciplinary proceedings and with state,
1116 federal, and international law enforcement officials.

1117 (d) The sharing of confidential information detailed
1118 in paragraph (c) of this subdivision shall be contingent on
1119 such recipient agreeing and having the legal authority to
1120 agree to maintain the confidentiality and privileged status
1121 of such documents, materials, data, and other information in
1122 the same manner and to the same extent as required for the
1123 director.

1124 (e) The director may receive documents, materials,
1125 data, and other information, including otherwise
1126 confidential and privileged documents, materials, data, or
1127 information, from the NAIC and its affiliates and
1128 subsidiaries, from regulatory or law enforcement officials
1129 of other foreign or domestic jurisdictions, and from the
1130 Actuarial Board for Counseling and Discipline or its
1131 successor and shall maintain as confidential or privileged
1132 any document, material, data, or other information received
1133 with notice or the understanding that it is confidential or
1134 privileged under the laws of the jurisdiction that is the
1135 source of the document, material, or other information.

1136 (f) The director may enter into agreements governing
1137 sharing and use of information consistent with this
1138 subdivision.

1139 (g) No waiver of any applicable privilege or claim of
1140 confidentiality in the confidential information shall occur
1141 as a result of disclosure to the director under this section
1142 or as a result of sharing as authorized in paragraph (c) of
1143 this subdivision.

1144 (h) A privilege established under the law of any state
1145 or jurisdiction that is substantially similar to the

1146 privilege established under this subdivision shall be
1147 available and enforced in any proceeding in, and in any
1148 court of, Missouri.

1149 (i) In this subsection, regulatory agency, law
1150 enforcement agency, and the NAIC include, but are not
1151 limited to, their employees, agents, consultants and
1152 contractors.

1153 (3) Notwithstanding subdivision (2) of this
1154 subsection, any confidential information specified in
1155 paragraphs (a) and (d) of subdivision (1) of this subsection:

1156 (a) May be subject to subpoena for the purpose of
1157 defending an action seeking damages from the appointed
1158 actuary submitting the related memorandum in support of an
1159 opinion submitted under subsection 4 or 5 of this section or
1160 principle-based valuation report developed under paragraph
1161 (c) of subdivision (2) of subsection 7 of this section by
1162 reason of an action required by sections 376.365 to 376.380
1163 or by regulations promulgated hereunder;

1164 (b) May otherwise be released by the director with the
1165 written consent of the company; and

1166 (c) Once any portion of a memorandum in support of an
1167 opinion submitted under subsection 4 or 5 of this section or
1168 a principle-based valuation report developed under paragraph
1169 (c) of subdivision (2) of subsection 7 of this section is
1170 cited by the company in its marketing, or is publicly
1171 volunteered to or before a governmental agency other than a
1172 state insurance department, or is released by the company to
1173 the news media, all portions of such memorandum or report
1174 shall no longer be confidential.

1175 10. The director may exempt specific product forms or
1176 product lines of a domestic company that is licensed and

1177 doing business only in Missouri from the requirements of
1178 subsection 6 of this section provided:

1179 (1) The director has issued an exemption in writing to
1180 the company and has not subsequently revoked the exemption
1181 in writing; and

1182 (2) The company computes reserves using assumptions
1183 and methods used prior to the operative date of the
1184 valuation manual in addition to any requirements established
1185 by the director and promulgated by regulation.

1186 For any company granted an exemption under this section,
1187 subsection 3 of section 376.370 and subsections 1 to 5 of
1188 this section shall be applicable. With respect to any
1189 company applying this exemption, any reference to subsection
1190 6 of this section found in subsection 3 of section 376.370
1191 and subsections 1 to 5 of this section shall not be
1192 applicable.

1193 [11. (1) A company that has less than three hundred
1194 million dollars of ordinary life premium and that is
1195 licensed and doing business in Missouri and that is subject
1196 to the requirements of subsections 6 and 7 of this section
1197 may hold reserves based on the mortality tables and interest
1198 rates defined by the valuation manual for net premium
1199 reserves and using the methodology defined in the provisions
1200 of paragraphs (b) through (i) of subdivision (2) of
1201 subsection 1 of this section and subsection 3 of section
1202 376.370 as they apply to ordinary life insurance in lieu of
1203 the reserves required by subsections 6 and 7 of this
1204 section, provided that:

1205 (a) If the company is a member of a group of life
1206 insurers, the group has combined ordinary life premiums of
1207 less than six hundred million dollars;

1208 (b) The company reported total adjusted capital of at
1209 least four hundred fifty percent of authorized control level
1210 risk-based capital in the risk-based capital report for the
1211 prior calendar year;

1212 (c) The appointed actuary has provided an unqualified
1213 opinion on the reserves in accordance with subsections 4 and
1214 5 of this section for the prior calendar year;

1215 (d) The company has provided a certification by a
1216 qualified actuary that any universal life policy with a
1217 secondary guarantee issued after the operative date of the
1218 valuation manual meets the definition of a nonmaterial
1219 secondary guarantee universal life product as defined in the
1220 valuation manual.

1221 (2) For purposes of subdivision (1) of this
1222 subsection, ordinary life premiums are measured as direct
1223 premium plus reinsurance assumed from an unaffiliated
1224 company, as reported in the prior calendar year annual
1225 statement.

1226 (3) A domestic company meeting all of the above
1227 conditions may file a statement prior to July first with the
1228 director certifying that these conditions are met for the
1229 current calendar year based on premiums and other values
1230 from the prior calendar year financial statements. The
1231 director may reject such statement prior to September first
1232 and require a company to comply with the valuation manual
1233 requirements for life insurance reserves.]

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