2025 VALUATION FILING REQUIREMENTS

DOMESTIC LIFE INSURANCE COMPANIES and
DOMESTIC FRATERNAL BENEFIT SOCIETIES

Absent a specific request from the Department, a Valuation Filing need not be submitted to the Bureau of Life, Accident and Health Insurance if <u>all</u> of the following conditions are met:

1. A Health Annual Statement is filed.
2. No Certificate of Valuation is requested by the company or otherwise required.
3. No net life insurance and annuity obligations are reported.
4. No long-term care benefits are included in any policies, certificates, or contracts in force.
5. No disability income benefits are included in any policies, certificates, or contracts in force.

REQUIRED FILINGS

Documents	**Copies**	**Due Date**
Reconciliation Worksheet for direct business, reinsurance assumed and reinsurance ceded	1	March 2, 2026
Electronic seriatim listing for direct business, reinsurance assumed and reinsurance ceded, together with other supporting spreadsheets and documents	1	March 2, 2026
Updates to the Actuarial Inventory	1	March 2, 2026
Accident and health claim reserve adequacy comments	1	March 2, 2026
Certification of internal controls with respect to any principle-based valuation	1	March 2, 2026
PBR Actuarial Report, if any reserves determined using VM-20 or VM-21 of the NAIC Valuation Manual	1	April 1, 2026

Revisions in the Valuation Filing Requirements

The Statement of Actuarial Opinion, including reliance statements, as well as Management's Discussion and Analysis document are no longer required to be sent as part of the Valuation Filing. The Bureau of Life, Accident and Health Insurance will obtain a copy of the PDF version of these documents that were electronically submitted to the NAIC.

Please ensure no policyholder names, Social Security numbers, addresses, or actual policy numbers are included in the provided seriatim reserve listings. In the seriatim reserve listings, please include a distinguishable proxy number for each policy instead of the actual policy number. The Department will reference such distinguishable proxy number if it asks questions regarding the reserve calculation for a particular policy in a seriatim listing.

Life Insurance Policies and Certificates and Annuity Contracts

The following liabilities shall be covered by the valuation filing.

1. All reserve amounts, including reinsurance ceded, in Exhibit 5.
2. All liability amounts, including reinsurance assumed and reinsurance ceded, in Exhibit 7 (except dividend accumulations or refunds, and premium deposit funds).
3. All items in the Separate Account Statement which correspond to 1. and 2. above.

The annual statement **Reconciliation Worksheet** shall be one document, or not more than one document for each annual statement exhibit covered by the valuation filing, easily separated from the other valuation filing documents. It shall be clearly labeled and provide a reconciliation for each principal entry in the corresponding annual statement exhibit. Principal entries are those annual statement reserve entries (gross and ceded) other than reserve entries by valuation standard. Subtotals that sum to each principal entry shall be shown in the Reconciliation Worksheet with a reference to the precise location of that subtotal in a seriatim listing, summary report, query, or workpaper. All referenced summary reports shall be clearly consistent with a seriatim listing included with the valuation filing.

The annual statement Reconciliation Worksheet shall also contain subtotals of the number of policies, contracts, and certificates as well as the amount of insurance and income payable taken from the same sources as the reserve subtotals. These subtotals shall sum to corresponding entries from the Exhibit of Life Insurance or the Exhibit of Number of Policies, Contracts, and Certificates as appropriate.

A complete description of the valuation standard such as 1980 CSO Male 4.5%, Age Last Birthday, Continuous, Smoker, Select and Ultimate, CRVM shall be identified (or easily identifiable) for each seriatim detail record or other reserve calculation. Sufficient detail and appropriate summary levels shall be included in listings, reports, files, and workpapers to enable verification of any published reserve entry by valuation standard, but the Reconciliation Worksheet need not provide such verification.

The **electronic seriatim listing** (or spreadsheets/workpapers in support of miscellaneous reserves in Exhibit 5) shall show the reserve amount for each policy, contract, and certificate with subtotals that match the subtotals in the Reconciliation Worksheet. There shall be sufficient detail such that the accuracy of the calculations can be verified. The seriatim listing shall also contain the number of policies, contracts, and certificates as well as the amount of insurance (or income payable) with subtotals that match the subtotals in the Reconciliation Worksheet.

In addition, seriatim listings shall be provided in support of **modified coinsurance** reserves for assumed business.

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

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

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

   a. first year and single premium exceeds 20% of the total life insurance and annuity first year and single premium; or
   b. the amount of insurance exceeds 5% of the total amount of insurance in force; or
   c. for general account business the reserves exceed 5% of the total general account life insurance and annuity reserves covered by the valuation filing; or
   d. for separate account business the reserves exceed 5% of the total separate account life insurance and annuity reserves covered by the valuation filing.

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

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

Accident and Health Insurance Policies and Certificates

The following liabilities shall be covered by the valuation filing.

1. All reserve amounts, including reinsurance ceded, in Exhibit 6.

2. All accident and health liability amounts, including reinsurance assumed and reinsurance ceded, in Part 1 of Exhibit 8.

3. All Loss Adjustment Expense liability amounts, regardless of where the liability is reported in the Annual Statement.

The annual statement **Reconciliation Worksheet** shall be one document, or not more than one document for each annual statement exhibit covered by the valuation filing, easily separated from the other valuation filing documents. It shall be clearly labeled and provide a reconciliation for each entry in the corresponding annual statement exhibit. Subtotals that sum to each annual statement entry shall be shown in the Reconciliation Worksheet with a reference to the precise location of that subtotal in a seriatim listing, summary report, query, or workpaper. All referenced summary reports shall be clearly consistent with a seriatim listing included with the valuation filing.

The annual statement Reconciliation Worksheet shall also contain subtotals of the number of policies, contracts, and certificates as well as premiums in force taken from the same sources as the reserve subtotals. These subtotals shall sum to appropriate entries from the Exhibit of Number of Policies, Contracts, and Certificates.

A complete description of each valuation standard as to morbidity, mortality, interest rate and methodology shall be identified (or easily identifiable) for each seriatim detail record or other reserve calculation.

The **electronic seriatim listing for unearned premium reserves and contract reserves** shall show the reserve amount for each policy, contract, and certificate with subtotals that match the subtotals in the Reconciliation Worksheet. There shall be sufficient detail such that the accuracy of the calculations can be verified. The seriatim listing shall also contain the number of policies, contracts, and certificates as well as amount of premiums in force with subtotals that match the subtotals in the Reconciliation Worksheet.

The **electronic seriatim listing for claim reserves** calculated on a tabular basis shall show the reserve amount for each outstanding claim with subtotals that match the subtotals in the Reconciliation Worksheet. There shall be sufficient detail such that the accuracy of the calculations can be verified.

The spreadsheets used for **claim reserves calculated using a completion factor method** shall contain the data used in developing the completion factors and show the calculation of the completion factors and the reserves with reserve subtotals that match the subtotals in the Reconciliation Worksheet. There shall be sufficient detail such that the accuracy of the calculation of the completion factors and the reserves can be verified.

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

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

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

1. A **summary of all material reinsurance agreements** (assumed and ceded) that lists the counterparty, internal code or reference number, type of reinsurance, effective date, and a description of the business reinsured. The reinsurance summary shall be updated

annually, as appropriate. The Bureau of Life, Accident and Health Insurance will request reinsurance agreements for review at its discretion.

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

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

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

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

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

Health Annual Statement

If a Health Annual Statement is filed and a Valuation Filing is required or otherwise requested, all references above to exhibits and schedules in the Life and Accident and Health Annual Statement apply to the corresponding exhibits in the Health Annual Statement.

Disclosure of System Conversion

The filing's cover letter shall include disclosure of any conversion to a new administrative system or valuation system during the year. If there has been such a conversion, a document shall be included in the filing that includes a discussion of the steps taken to ensure that the accuracy and completeness of the liability records was preserved.

Noted PBR (Principle-Based Reserves) Filing Requirements

With respect to policies, contracts, and certificates subject to principle-based valuation requirements (VM-20 or VM-21 of the NAIC Valuation Manual), please provide senior management's **Certification of the effectiveness of the internal controls** as required by 40 PA C.S. §7126(b)(2).

If VM-20 or VM-21 of the NAIC Valuation Manual is required or used for one or more policies or contracts or certificates, submit the entire **PBR Actuarial Report** as specified in VM-31 of the NAIC Valuation Manual.

Required Electronic Format Submission of Seriatim Listings and Completion Factor Data

Seriatim listings for direct business, reinsurance assumed, and reinsurance ceded shall be submitted in an electronic format. Data used in developing completion factors, together with the calculation of the completion factors and the related reserves, shall also be submitted in electronic format. Electronic format seriatim listings shall include the data fields and detail necessary to confirm the accuracy of the reserve calculation. Likewise, electronic format completion factor data shall include sufficient detail such that the accuracy of the completion factor and reserve calculations can be verified. Valuation Filing documents not addressed above shall be submitted on paper or in a file format that is easily printed and read on letter size paper. Each Reconciliation Worksheet entry supported by electronic format information shall contain a reference to the name of the supporting electronic file as well as the location in the electronic file.

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

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

Seriatim listings shall be submitted as Microsoft Excel spreadsheets or Microsoft Access databases. Submitted Microsoft Access databases shall **include queries** that generate the subtotals recorded in the Reconciliation Worksheet. Seriatim detail shall be structured such that the Department can easily produce alternative subtotals, either by modifying an existing query in a Microsoft Access database or by using the **subtotal functionality** in a Microsoft Excel spreadsheet. Data used in developing completion factors shall be submitted as Microsoft Excel spreadsheets.

Please send the valuation filing to:

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

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