

## Annuity Principle-Based Reserving (PBR) Statement of Exemption

To be filed before July 1 and should not be filed prior to 2029

### Instructions

An insurer domiciled in Texas who plans to elect the Annuity Principle-Based Reserving (PBR) Exemption for contracts issued or assumed in the current calendar year must file this statement of exemption with the Commissioner no later than June 30th, unless the company is using an ongoing exemption for years on or after 2030 as outlined below. **Exemption requirements are found in Section 2, Subsection 2.D of the Valuation Manual.** Unless the company is using an ongoing exemption for the current year, please complete the following information and submit this statement of exemption by emailing [ActuarialDivision@tdi.texas.gov](mailto:ActuarialDivision@tdi.texas.gov); the statement of exemption must also be included with the NAIC filing for the second quarter of the same calendar year.

**Reminder:** An exemption applies only to contracts issued or assumed in the calendar year of approval. Statements of exemption must be filed for each calendar year on or after 2029 if the company plans to elect the Annuity PBR Exemption for policies issued or assumed in that calendar year, unless the company is using an ongoing exemption for years on or after 2030 as outlined below.

### Ongoing statements of exemptions (Not filed)

The filing of statements of exemption for calendar years on or after 2030 is **not required** if the prior calendar year's statement of exemption was **not rejected** and the company continues to qualify for the exemption. An **ongoing statement of exemption for the new calendar year** will be deemed to not be rejected, unless any of these 3 events occur:

- 1) The company does not meet either condition in Section 2, Subsection 2.D.2.
- 2) The policies contain those in Section 2, Subsection 2.D.4.
- 3) The domiciliary commissioner contacts the company prior to Sept. 1 and notifies the company that the statement of exemption is rejected.

**In the case of an ongoing statement of exemption, rather than include a statement of exemption with the NAIC filing for the second quarter of that year, the company should enter "SEE EXPLANATION" in response to the Annuity PBR Exemption supplemental interrogatory and provide an explanation that "The company is utilizing an ongoing statement of exemption."**

**Note:** If a company has no business issued directly or assumed during the current calendar year that would otherwise be subject to VM-22, a statement of exemption is not required. As a best practice, the appointed actuary should document the inapplicability of Non-Variable Annuity PBR (VM-22) and the Annuity PBR Exemption within a section of the confidential Actuarial Memorandum prepared under VM-30.

### Company information

Year for which the statement exemption applies \_\_\_\_\_

NAIC # \_\_\_\_\_ NAIC Group #, if applicable \_\_\_\_\_

Company name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

**Contact information for individual signing statement**

Name \_\_\_\_\_

Phone \_\_\_\_\_ Email \_\_\_\_\_

**Information required for TDI to consider the Annuity PBR Exemption**

Criteria	Individual Company	Group
(a) The amount reported in the prior calendar year life/health annual statement, Analysis of Increase in Reserves During the Year-Individual Annuities, Column 2 ("Fixed Annuities"), line 15.		
(b) The amount reported in the prior calendar year life/health annual statement, Analysis of Increase in Reserves During the Year-Individual Annuities, Column 3 ("Indexed Annuities"), line 15.		
(c) The amount reported in the prior calendar year life/health annual statement, Analysis of Increase in Reserves During the Year-Individual Annuities, Column 6 ("Life Contingent Payout (Immediate and Annuitization)"), line 15.		
(d) The amount reported in the prior calendar year life/health annual statement, Analysis of Increase in Reserves During the Year-Individual Annuities, Column 7 ("Other Annuities"), line 15, except for business that already follows Actuarial Guideline XLIII/VM-21 or categorized as Guaranteed Investment Contracts.		
(e) The amount reported in the prior calendar year life/health annual statement, Analysis of Increase in Reserves During the Year-Group Annuities, Column 2 ("Fixed Annuities"), line 15.		
(f) The amount reported in the prior calendar year life/health annual statement, Analysis of Increase in Reserves During the Year-Group Annuities, Column 3 ("Indexed Annuities"), line 15.		
(g) The amount reported in the prior calendar year life/health annual statement, Analysis of Increase in Reserves During the Year-Group Annuities, Column 6 ("Life Contingent Payout (Immediate and Annuitization)"), line 15.		
(h) The amount reported in the prior calendar year life/health annual statement, Analysis of Increase in Reserves During the Year-Group Annuities, Column 7 ("Other Annuities"), line 15, except for business that already follows Actuarial Guideline XLIII/VM-21, or categorized as Guaranteed Investment Contracts, Synthetic Guaranteed Investment Contracts, or other Stable Value Contracts.		

Criteria	Individual Company	Group
(i) Adding back in any reserves that were ceded in (a) through (h) above, in order to set the Exemption reserves on a gross of reinsurance basis.		
(j) "Exemption Reserve" amount used for consideration under Section II, subsection 2.D.2, [ j = a + b + c + d + e + f + g + h + i ]		
(k) Confirmation that amount in (j) is less than \$1B (Individual Company) and \$2B (Group) (Yes/No)		
(l) If the answer to (k) is No for either column, confirmation that all new contract/certificates issued or assumed are due to election of contract benefits or features from existing contracts or certificates valued under VM-A and VM-C and the company was exempted from, or otherwise not subject to, the requirements of VM-22 in the prior calendar year (Yes/No) or N/A if (k) is Yes for both columns		
(m) Estimated # of contracts or certificates with guaranteed living benefits (GMIBs, GMABs, GLWBs)		
(n) Confirmation that contracts or certificates in (m) are excluded from this Statement of Exemption (Yes/No) or N/A if (m) is 0		

### Contracts and certificates covered by this statement

- All contracts and certificates issued or assumed in the current calendar year that would otherwise be subject to VM-22.
- All contracts and certificates issued or assumed in the current calendar year that would otherwise be subject to VM-22, excluding \_\_\_\_\_.
- The following contracts or certificates, which did not qualify for the Annuity PBR Exemption during the year of issue but would have qualified for the Annuity PBR Exemption if the current Valuation Manual requirements had been in effect during the year of issue \_\_\_\_\_.

### Certification

The contracts and certificates covered by this statement satisfy the Annuity PBR Exemption requirements in Section 2, Subsection 2.D of the Valuation Manual for the current calendar year. Any contracts or certificates issued or assumed in the current calendar year that otherwise would be subject to VM-22 and are not covered by this statement of exemption will be valued following the requirements of VM-22. The information contained herein is true and correct to the best of my knowledge and belief.

Officer name \_\_\_\_\_ Title \_\_\_\_\_

Officer signature \_\_\_\_\_ Date \_\_\_\_\_