

Life Principle-Based Reserving (PBR) Statement of Exemption

To be filed before July 1

Instructions

An insurer domiciled in Texas who plans to elect the Life Principle-Based Reserving (PBR) Exemption for policies 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 2022 as outlined below. **Exemption requirements are found in Section 2, Subsection 1.G 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; 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 policies issued or assumed in the calendar year of approval. Statements of exemption must be filed for each calendar year on or after 2020 if the company plans to elect the Life PBR Exemption for policies issued or assumed in that calendar year, unless the company is using an ongoing exemption for years on or after 2022 as outlined below.

Ongoing statements of exemptions (Not filed)

The filing of statements of exemption for calendar years on or after 2022 is **not required** if the prior calendar year's (currently, 2024'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 (Currently 2025)** will be deemed to not be rejected, unless any of these 3 events occur:

- 1) the company does not meet either condition in Section I2, Subsection 1.G.2.
- 2) the policies contain those in Section 2, Subsection 1.G.3.
- 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 Life PBR Exemption supplemental interrogatory and provide an explanation that "The company is utilizing an ongoing statement of exemption" (as described in interrogatory question 8).

Note: If a company has no business issued directly or assumed during the current calendar year that would otherwise be subject to VM-20, a statement of exemption is not required. As best practice, the appointed actuary should document the inapplicability of Non-Variable Annuity PBR (VM-20) and the Life 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 Life PBR Exemption

Criteria	Individual Company	Group
(a) The amount reported in the prior calendar year life/health annual statement, Exhibit 1, Part 1, Column 2 ("Individual Life"), line 20.1		
(b) The portion of the amount in the prior calendar year life/health annual statement, Exhibit 1, Part 1, Column 2 ("Individual Life"), line 20.2 assumed from unaffiliated companies		
(b.1) Confirm the calendar year of the annual statement for reconciling the amounts reported in (a) and (b)		
(c) Amounts included in either (a) or (b) that are associated with industrial policies, credit life policies, guaranteed issue insurance policies and/or preneed life insurance policies		
(d) Amounts included in either (a) or (b) that represent transfers of reserves in force as of the effective date of a reinsurance assumed transaction		
(e) Amounts of premium for individual life certificates issued under a group life contract that meets the conditions defined in VM-20, Section 1.B, and that are not included in either (a) or (b)		
(f) "Exemption Premium" amount used for consideration under Section II, subsection 1.G.2, [$f = a + b - c - d + e$]		
(g) Confirmation that amount in (f) is less than \$300M (Individual Company) and \$600M (Group) (Yes/No)		
(h) If the answer to (g) is No for either column, confirmation that all new policies/certificates issued or assumed are due to election of policy benefits or features from existing policies or certificates valued under VM-A and VM-C and the company was exempted from, or otherwise not subject to, the requirements of VM-20 in the prior calendar year (Yes/No) or N/A if (g) is Yes for both columns		
(i) Estimated # of ULSG policies or certificates, or policies or certificates other than ULSG that contain a secondary guarantee rider, issued or assumed in the current calendar year where the secondary guarantee fails to meet the VM-01 definition of a "non-material secondary guarantee"		
(j) Confirmation that policies in (i) are excluded from this Statement of Exemption (Yes/No) or N/A if (i) is 0		

Policies covered by this statement

- All policies and certificates issued or assumed in the current calendar year that would otherwise be subject to VM-20.
- All policies and certificates issued or assumed in the current calendar year that would otherwise be subject to VM-20, excluding _____.
- The following policies or certificates, which did not qualify for the Life PBR Exemption during the year of issue but would have qualified for the Life PBR Exemption if the current Valuation Manual requirements had been in effect during the year of issue _____.

Certification

The policies and certificates covered by this statement satisfy the Life PBR Exemption requirements in Section 2, Subsection 1.G of the Valuation Manual for the current calendar year. Any policies or certificates issued or assumed in the current calendar year that otherwise would be subject to VM-20 and are not covered by this statement of exemption will be valued following the requirements of VM-20. The information contained herein is true and correct to the best of my knowledge and belief.

Officer name _____ Title _____

Officer signature _____ Date _____