

2025-9653

TITLE 28. INSURANCE
Part I. Texas Department of Insurance
Chapter 3. Life, Accident, and Health Insurance and Annuities

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Subchapter RR. Valuation Manual 28 TAC §3.9901

INTRODUCTION. The commissioner of insurance adopts amendments to 28 TAC §3.9901, concerning the adoption of a valuation manual for reserving and related requirements. The amendments are adopted without changes to the proposed text published in the October 10, 2025, issue of the *Texas Register* (50 TexReg 6653).

REASONED JUSTIFICATION. The amended section is necessary to comply with Insurance Code §425.073, which requires the commissioner to adopt by rule a valuation manual that is substantially similar to the National Association of Insurance Commissioners (NAIC) Valuation Manual.

Under Insurance Code §425.073(c), when the NAIC adopts changes to its valuation manual, the commissioner must adopt substantially similar changes. This subsection also requires the commissioner to determine that NAIC's changes were approved by an affirmative vote representing at least three-fourths of the voting NAIC members but not less than a majority of the total membership. In addition, the NAIC members voting in favor of amending the valuation manual must represent jurisdictions totaling greater than 75% of the direct written premiums as reported in the most recently available life, accident, and health/fraternal annual statements and health annual statements.

TDI originally adopted the valuation manual in §3.9901 on December 29, 2016, in compliance with Insurance Code §425.073. On August 13, 2025, the NAIC voted to adopt changes to the valuation manual. Forty-nine jurisdictions, representing jurisdictions totaling 94.67% of the relevant direct written premiums, voted in favor of adopting the

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amendments to the valuation manual. The votes adopting changes to the NAIC Valuation Manual meet the requirements of Insurance Code §425.073(c).

This proposal includes provisions related to NAIC rules, regulations, directives, or standards. Under Insurance Code §36.004, TDI must consider whether authority exists to enforce or adopt the NAIC's changes. In addition, under Insurance Code §36.007, the commissioner cannot adopt or enforce a rule implementing an interstate, national, or international agreement that infringes on the authority of this state to regulate the business of insurance in this state, unless the agreement is approved by the Texas Legislature. TDI has determined that neither §36.004 nor §36.007 prohibit this proposal because Insurance Code §425.073 requires the commissioner to adopt a valuation manual that is substantially similar to the valuation manual approved by the NAIC, and §425.073(c) expressly requires the commissioner to adopt changes to the valuation manual that are substantially similar to changes adopted by the NAIC.

In addition to clarifying existing provisions, the 2026 NAIC Valuation Manual includes changes that:

- update the Valuation Manual economic scenario generator references for the adoption of the Conning-maintained prescribed economic scenario generator; and
- introduce a new principle-based reserving framework for non-variable annuities, located in Section VM-22 of the Valuation Manual.

The NAIC's adopted changes to the valuation manual can be viewed at https://content.naic.org/sites/default/files/pbr_data_valuation_manual_future_edition_redline.pdf.

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SUMMARY OF COMMENTS. TDI provided an opportunity for public comment on the rule proposal for a period that ended on November 10, 2025. TDI did not receive any comments on the proposed amendments.

Subchapter RR. Valuation Manual 28 TAC §3.9901

STATUTORY AUTHORITY. The commissioner adopts amendments to 28 TAC §3.9901 under Insurance Code §425.073 and §36.001.

Insurance Code §425.073 requires the commissioner to adopt by rule changes to the valuation manual previously adopted by the commissioner that are substantially similar to any changes adopted by NAIC to its valuation manual. Insurance Code §425.073 also requires that after a valuation manual has been adopted by rule, any changes to the valuation manual must also be adopted by rule.

Insurance Code §36.001 provides that the commissioner may adopt any rules necessary and appropriate to implement the powers and duties of TDI under the Insurance Code and other laws of this state.

TEXT.

§3.9901. Valuation Manual.

(a) The commissioner adopts by reference the National Association of Insurance Commissioners (NAIC) Valuation Manual, including subsequent changes that were adopted by the NAIC through August 13, 2025, as required by Insurance Code §425.073.

(b) The operative date of the NAIC Valuation Manual in Texas is January 1, 2017.

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CERTIFICATION. The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Issued at Austin, Texas, on December 10, 2025.

Signed by:

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Jessica Barta, General Counsel
Texas Department of Insurance

The amended 28 TAC §3.9901 is adopted.

Signed by:

FC5D7EDDFFB84F8... _____
Cassie Brown
Commissioner of Insurance

Commissioner's Order No. 2025-9653