



## Insurance Department

TODD E. KISER  
*Insurance Commissioner*

### State of Utah

GARY R. HERBERT  
*Governor*

SPENCER J. COX  
*Lieutenant Governor*

## BULLETIN 2020-12

TO: Utah Domestic Life Insurers  
FROM: Todd E. Kiser, Utah Insurance Commissioner  
DATE: May 12, 2020  
SUBJECT: **Requesting Exemption from the Requirements of a Principle-Based Valuation**

Requirements of a principle-based valuation, Utah Code §§ 31A-17-514 and 31A-17-515, became effective on January 1, 2017. During the first three years, insurers were allowed to apply prior requirements as defined in Utah Code §§ 31A-17-504 through 31A-17-513. As of January 1, 2020, requirements of a principle-based valuation became mandatory.

Utah Code § 31A-17-519, the *Small company exemption* section of the Standard Valuation Law, provides that a company meeting specific criteria may request an exemption from principle-based valuation, and hold reserves for ordinary life insurance policies based on the methodology defined in §§ 31A-17-507 through 31A-17-512.

A company seeking the exemption must file with the Insurance Commissioner, prior to July 1, a written statement informing the Commissioner of its intention to calculate reserves pursuant to the methodology defined in §§ 31A-17-507 through 31A-17-512, including certification that it meets the conditions specified in § 31A-17-519(1)(a) through (d).

The exemption is deemed to be granted unless the Commissioner informs the company in writing, before September 1, that the company must comply with the valuation manual requirements for life insurance reserves.

The exemption, if granted, applies only to policies issued during the calendar year in which the exemption is sought. A request for exemption, if desired, will need to be resubmitted each year.

To request exemption, the company must complete the attached form and submit it to the department before July 1, 2020.

Please address questions about this Bulletin to Jake Garn ([jwgarn@utah.gov](mailto:jwgarn@utah.gov)) or Tomasz Serbinowski ([tserbinowski@utah.gov](mailto:tserbinowski@utah.gov)).

DATED this 12<sup>th</sup> day of May 2020.

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Todd E. Kiser  
Insurance Commissioner