

Sec. 38a-78-7. Statement of actuarial opinion based on an asset adequacy analysis

(a) **General Description.** The statement of actuarial opinion submitted in accordance with this section shall consist of (1) a paragraph identifying the appointed actuary and his or her qualifications consistent with the requirements of subdivision (1) of subsection (b) of this section; (2) a scope paragraph identifying the subjects on which the opinion is to be expressed and describing the scope of the appointed actuary's work, including a tabulation delineating the reserves and related actuarial items that have been analyzed for asset adequacy and the method of analysis in accordance with subdivision (2) of subsection (b) of this section and identifying the reserves and related actuarial items covered by the opinion that may not have been so analyzed; (3) a reliance paragraph, in accordance with subdivision (3) of subsection (b) of this section, describing those areas, if any, where the appointed actuary has deferred to other experts in developing data, procedures, or assumptions such as anticipated cash flows from currently owned assets, including variation in cash flows according to economic scenarios, supported by a statement of each such expert in the form prescribed by subsection (e) of this section; (4) an opinion paragraph, in accordance with subdivision (6) of subsection (b) of this section, expressing the appointed actuary's opinion with respect to the adequacy of the supporting assets to mature the liabilities; (5) one or more additional paragraphs in individual company cases as follows; (A) if the appointed actuary considers it necessary to state a qualification of his or her opinion; (B) if the appointed actuary must disclose an inconsistency in the method of analysis or basis of asset allocation used at the prior opinion date with that used for this opinion; (C) if the appointed actuary must disclose whether additional reserves as of the prior opinion date are released as of this opinion date, and the extent of the release; (D) if the appointed actuary chooses to add a paragraph briefly describing the assumptions that form the basis for the actuarial opinion.

(b) **Recommended Language.** The following language provided is that which in typical circumstances would be included in a statement of actuarial opinion in accordance with this section. The language may be modified as needed to meet the circumstances of a particular case, but the appointed actuary shall use language which clearly expresses his professional judgment. However, in any event the opinion shall retain all pertinent aspects of the language provided in this Section.

(1) The opening paragraph shall indicate the appointed actuary's relationship to the company and his qualifications to sign the opinion. For a company actuary, the opening paragraph of the actuarial opinion shall include a statement such as:

"I, (name of actuary), am (title) of (name of company) and a member of the American Academy of Actuaries. I was appointed by, or by the authority of, the Board of Directors of said insurer to render this opinion as stated in the letter to the commissioner dated (insert date). I meet the Academy qualification standards for rendering the opinion and am familiar with the valuation requirements applicable to life and health companies."

For a consulting actuary, the opening paragraph of the actuarial opinion shall contain a sentence such as:

"I, (name and title of actuary), a member of the American Academy of Actuaries, am associated with the firm of (insert name of consulting firm). I have been appointed by, or by the authority of, the Board of Directors of (name of company) to render this opinion as

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stated in the letter to the commissioner dated (insert date). I meet the Academy qualification standards for rendering the opinion and am familiar with the valuation requirements applicable to life and health insurance companies.”

(2) The scope paragraph shall contain a sentence such as the following: “I have examined the actuarial assumptions and actuarial methods used in determining reserves and related actuarial items listed below, as shown in the annual statement of the company, as prepared for filing with state regulatory officials, as of December 31, ().”

Tabulated below are those reserves and related actuarial items that shall be subjected to asset adequacy analysis.

Asset Adequacy Tested Amounts – Reserves and Liabilities					
Statement Item	Formula Reserves (1)	Additional Actuarial Reserves (a) (2)	Analysis Methods (b)	Other Amount (3)	Total Amount (1)+(2)+(3) (4)
Exhibit 5 Life Insurance					
Annuities					
Supplementary Contracts with Line Contingencies					
Accidental Death Benefits					
Disability – Active Lives					
Disability – Disabled Lives					
Miscellaneous Reserves					
Total Exhibit 5 (Line 1, Page 3)					
Exhibit 6 Active Life Re- serve					
Claim Reserve					
Total Exhibit 6 (Line 2, Page 3)					
Exhibit 7 Premium and Other Deposit Funds (Col- umn 6, Line 14)					
Guaranteed Interest Con- tracts (Column 2, Line 14)					
Annuities Certain (Column 3, Line 14)					
Supplemental Contracts (Column 4, Line 14)					

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Asset Adequacy Tested Amounts – Reserves and Liabilities					
Statement Item	Formula Reserves (1)	Additional Actuarial Reserves (a) (2)	Analysis Methods (b)	Other Amount (3)	Total Amount (1)+(2)+(3) (4)
Dividend Accumulations or Refunds (Column 5, Line 14)					
Total Exhibit 7 (Line 3, Page 3)					
Exhibit 8 Part 1 1 Life (Line 4.1, Page 3)					
2 Health (Line 4.2, Page 3)					
Total Exhibit 8 Part 1					
Separate Accounts (Page 3 of the Annual Statement of the Separate Accounts, Lines 1 and 2)					
TOTAL RESERVES					
IMR (General Account, Page _____ Line _____)					
(Separate Accounts, Page _____ Line _____)					
AVR (Page _____ Line _____)					(c)
Net Deferred and Uncollected Premium					

Notes:

(a) The additional actuarial reserves established under subdivision (2) of subsection (e) of section 38a-78-5 of the Regulations of the Connecticut State Agencies.

(b) The appointed actuary shall indicate the method of analysis, determined in accordance with the standards for asset adequacy analysis referred to in subsection (d) of section 38a-78-5 of the Regulations of Connecticut State Agencies, by means of symbols that shall be defined in footnotes to the table.

(c) Allocated amount of Asset Valuation Reserve (AVR).

(3) If the appointed actuary has relied on other experts to develop certain portions of the analysis, the reliance paragraph shall include a statement such as:

“I have relied on (name), (title) for (e.g., “anticipated cash flows from currently owned assets, including variations in cash flows according to economic scenarios” or “certain critical aspects of the analysis performed in conjunction with forming my own opinion”), as certified in the attached statement. I have reviewed the information relied upon for reasonableness.”

A statement of reliance on other experts shall be accompanied by a statement by each of the experts in the form prescribed by subsection (e) of this section.

(4) If the appointed actuary has examined the underlying asset and liability records, the reliance paragraph shall include a statement such as:

“My examination included such review of the actuarial assumptions and actuarial methods and of the underlying basic asset and liability records and such tests of the actuarial calculations as I considered necessary. I also reconciled the underlying basic asset and liability records to (exhibits and schedules listed as applicable) of the company’s current annual statement.”

(5) If the appointed actuary has not examined the underlying records, but has relied upon data such as listings and summaries of policies in force or asset records, prepared by the company, the reliance paragraph shall include a statement such as:

“In forming my opinion on (specify types of reserves) I relied upon data prepared by (name and title of company officer certifying in force records or other data) as certified in the attached statements. I evaluated that data for reasonableness and consistency. I also reconciled that data to (exhibits and schedules to be listed as applicable) of the company’s current annual statement. In other respects, my examination included review of the actuarial assumptions and actuarial methods used and tests of the calculations I considered necessary.”

The section shall be accompanied by a statement by each person relied upon in the form prescribed by subsection (e) of this section.

(6) The opinion paragraph shall include a statement such as:

“In my opinion the reserves and related actuarial values concerning the statement items identified above:

(A) are computed in accordance with presently accepted actuarial standards consistently applied and are fairly stated, in accordance with sound actuarial principles;

(B) are based on actuarial assumptions that produce reserves at least as great as those called for in any contract provision as to reserve basis and method, and are in accordance with all other contract provisions;

(C) meet the requirements of the insurance laws of the state of (state of domicile) and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed;

(D) are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the preceding yearend (with any exceptions noted below); and

(E) include provision for all actuarial reserves and related statement items which ought to be established.

The reserves and related items, when considered in light of the assets held by the company with respect to such reserves and related actuarial items including, but not limited to, the investment earnings on the assets, and the considerations anticipated to be received and retained under the policies and contracts, make adequate provisions, according to presently accepted actuarial standards of practice, for the anticipated cash flows required by the contractual obligations and related expenses of the company.

The actuarial methods, considerations and analyses used in forming my opinion conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board, which standards form the basis of this statement of opinion.

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(This opinion is updated annually as required by statute. To the best of my knowledge, there have been no material changes from the applicable date of the annual statement to the date of the rendering of this opinion which should be considered in reviewing this opinion.) or (The following material changes which occurred between the date of the statement for which this opinion is applicable and the date of this opinion should be considered in reviewing this opinion: (insert description of the change or changes).)

Note: Choose one of the above two paragraphs, whichever is applicable.

The impact of unanticipated events subsequent to the date of this opinion is beyond the scope of this opinion. The analysis of asset adequacy portion of this opinion should be viewed recognizing that the company's future experience may not follow all the assumptions used in the analysis.

Signature of Appointed Actuary

Address of Appointed Actuary

Telephone Number of Appointed Actuary

Date"

(c) **Assumptions for New Issues.** The adoption for new issues or new claims or other new liabilities of an actuarial assumption that differs from a corresponding assumption used for prior new issues or new claims or other new liabilities is not a change in actuarial assumptions within the meaning of this section.

(d) **Adverse Opinions.** If the appointed actuary is unable to form an opinion, then he or she shall refuse to issue a statement of actuarial opinion. If the appointed actuary's opinion is adverse or qualified, then he or she shall issue an adverse or qualified actuarial opinion explicitly stating the reasons for the opinion. This statement shall follow the scope paragraph and precede the opinion paragraph.

(e) **Reliance on Information Furnished by Other Persons.** If the appointed actuary relies on the certification of others on matters concerning the accuracy or completeness of any data underlying the actuarial opinion, or the appropriateness of any other information used by the appointed actuary in forming the actuarial opinion, the actuarial opinion shall so indicate the persons the appointed actuary is relying upon and a precise identification of the items subject to reliance. In addition, the persons on whom the appointed actuary relies shall provide a certification that precisely identifies the items on which the person is providing information and a statement as to the accuracy, completeness or reasonableness, as applicable, of the items. This certification shall include the signature, title, company, address and telephone number of the person rendering the certification, as well as the date on which it is signed.

(f) Alternate Opinion.

(1) As an alternative to the requirements of subparagraph (C) of subdivision (6) of subsection (b) of this section, the commissioner may make one or more of the following additional approaches available to the opining actuary: (A) A statement that the reserves “meet the requirements of the insurance laws and regulations of (the state of domicile) and the formal written standards and conditions of this state for filing an opinion based on the law of the state of domicile.” If the commissioner chooses to allow this alternative, a formal written list of standards and conditions shall be made available to all insurers. If a company chooses to use this alternative, the standards and conditions in effect on July 1 of a calendar year shall apply to statements for that calendar year, and they shall remain in effect until they are revised or revoked. If no list is available, this alternative is not available; (B) A statement that the reserves “meet the requirements of the insurance laws and regulations of (the state of domicile) and I have verified that the company’s request to file an opinion based on the law of the state of domicile has been approved and that any conditions required by the commissioner for approval of that request has been met.” If the commissioner chooses to allow this alternative, a formal written statement of such allowance shall be issued no later than March 31 of the year it is first effective. It shall remain valid until rescinded or modified by the commissioner. The rescission or modifications shall be issued no later than March 31 of the year they are first effective. Subsequent to that statement being issued, if a company chooses to use this alternative, the company shall annually file a request to do so, along with justification for its use, no later than April 30 of the year in which the opinion is to be filed. The request shall be deemed approved on October 1 of that year if the commissioner has not denied the request by that date; (C) A statement that the reserves “meet the requirements of the insurance laws and regulations of (the state of domicile) and I have submitted the required comparison as specified by this state.” (i) If the commissioner chooses to allow this alternative, a formal written list of products, to be added to the table set forth in subparagraph C(ii) of this subdivision, for which the required comparison is to be provided, will be published. If a company chooses to use this alternative, the list in effect on July 1 of a calendar year shall apply to statements for that calendar year, and it shall remain in effect until it is revised or revoked. If no list is available, this alternative is not available. (ii) If a company chooses to use this alternative, the appointed actuary shall provide a comparison of the gross nationwide reserves held to the gross nationwide reserves that would be held under the NAIC codification standards. Gross nationwide reserves are the total reserves calculated for the total company in force business directly sold and assumed, indifferent to the state in which the risk resides, without reduction for reinsurance ceded. The information provided shall include, at a minimum:

(1) Product Type	(2) Death Benefit or Account Value	(3) Reserves Held	(4) Codification Reserves	(5) Codification Standard

(iii) The information listed shall include all products identified by either the state of filing or any other states subscribing to this alternative. (iv) If there is no codification standard for the type of product or risk in force or if the codification standard does not directly address the type of product or risk in force, the appointed actuary shall provide detailed disclosure of the specific method and assumptions used in determining the reserves held. (v) The comparison provided by the company shall be kept confidential to the same extent and under the same conditions as the actuarial memorandum.

(2) Notwithstanding subsection (f)(1) of this section, the commissioner may reject an opinion based on the laws and regulations of the state of domicile and require an opinion based on the laws of Connecticut. If a company is unable to provide the opinion within sixty (60) days of such request or such other period of time determined by the commissioner after consultation with the company, the commissioner may contract with an independent actuary at the company's expense to prepare and file the opinion.

(Effective September 28, 1993; Amended December 23, 2008)