

# Regulatory Analysis Form

(Completed by Promulgating Agency)

(All Comments submitted on this regulation will appear on IRRC's website)

(1) Agency

Insurance Department

(2) Agency Number:

Identification Number: 11-260

(3) PA Code Cite:

31 Pa. Code Chapter 90J

(4) Short Title:

Term and Universal Life Insurance Reserve Financing Standards

(5) Agency Contacts (List Telephone Number and Email Address):

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INDEPENDENT REGULATORY  
**RECEIVED**  
 REVIEW COMMISSION

JAN 26 2022

Independent Regulatory  
 Review Commission

IRRC Number: 3333

|  |   |
|--|---|
| <p>(6) Type of Rulemaking (check applicable box):</p> <p><input checked="" type="checkbox"/> Proposed Regulation</p> <p><input type="checkbox"/> Final Regulation</p> <p><input type="checkbox"/> Final Omitted Regulation</p> | <p><input type="checkbox"/> Emergency Certification Regulation;</p> <p><input type="checkbox"/> Certification by the Governor</p> <p><input type="checkbox"/> Certification by the Attorney General</p> |
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(7) Briefly explain the regulation in clear and nontechnical language. (100 words or less)

This proposed regulation establishes uniform, national standards to facilitate the Department's regulation of term and universal life insurance reserve financing, with the goal of encouraging reserve financing transactions to not move offshore. Moreover, it would ensure that funds consisting of primary security and other security are held in the forms and amounts required. This proposed regulation is based on the National Association of Insurance Commissioners Model Regulation # 787, which has been adopted as an accreditation standard.

(8) State the statutory authority for the regulation. Include specific statutory citation.

Sections 206, 506, 1501 and 1502 of The Administrative Code of 1929 (71 P.S. §§ 66, 186, 411 and 412), regarding the general rulemaking authority of the Pennsylvania Insurance Department ("Department") as well as the Department's rulemaking authority under section 319.3(j) of the act of May 17, 1921 (P.L. 682, No. 284), known as the Insurance Company Law of 1921.

(9) Is the regulation mandated by any federal or state law or court order, or federal regulation? Are there any relevant state or federal court decisions? If yes, cite the specific law, case or regulation as well as, any deadlines for action.

No.

(10) State why the regulation is needed. Explain the compelling public interest that justifies the regulation. Describe who will benefit from the regulation. Quantify the benefits as completely as possible and approximate the number of people who will benefit.

Regulators need to be able to assess and monitor the risks posed with regards to captive reinsurance transactions. The new regulation requires the use of a new actuarial methodology to achieve the desired financial solvency results. The rulemaking promotes a financially sound insurance industry that is subject to consistent standards and that has the ability to fulfill its contractual obligations under insurance policies. Moreover, in order to maintain its accredited regulator status, the Department must promulgate a version of the regulation that is substantially similar to NAIC Model Regulation # 787. The provisions in this proposed regulation are substantially similar to the NAIC model. In order to meet the accreditation standard, this proposed regulation must be effective by January 1, 2023. Otherwise, the Department's accreditation may be jeopardized.

(11) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulations.

No.

(12) How does this regulation compare with those of the other states? How will this affect Pennsylvania's ability to compete with other states?

Five states have adopted the NAIC model law concerning term and universal life reserve financing. Those states are California, Connecticut, Iowa, Virginia, and Wyoming. It is under consideration in one other state. This proposed regulation adopts a uniform, national standard for term and universal life reserve financing. It will have no impact on Pennsylvania's ability to compete with other states in any context.

(13) Will the regulation affect any other regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

No.

(14) Describe the communications with and solicitation of input from the public, any advisory council/group, small businesses and groups representing small businesses in the development and drafting of the regulation. List the specific persons and/or groups who were involved. ("Small business" is defined in Section 3 of the Regulatory Review Act, Act 76 of 2012.)

The Department circulated a draft copy of Annex A, which includes all of the proposed regulatory provisions, to representatives of insurance carriers who currently issue, or may potentially issue, policies that offer term and universal life insurance policies. This includes Insurance Federation of Pennsylvania, Inc., the American Council of Life Insurers, America's Health Insurance Plans, and Life Insurance Company of North America. Comments received were carefully considered in developing the proposed rulemaking.

(15) Identify the types and number of persons, businesses, small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012) and organizations which will be affected by the regulation. How are they affected?

This proposed rulemaking will affect consumers who purchase a policy subject to this proposed regulation in that it will allow the Department to ensure the companies issuing policies remain financially solvent, which will promote market stability. Further, this rulemaking will affect foreign and domestic life insurers that hold a certificate of authority to write life insurance contracts in the Commonwealth. The Department has identified approximately 1,003 licensees that fall within this definition. Of these licensees, 24 domestic licensees qualify as small businesses. The definition of small business in this context is a life insurance company that earns less than \$38.5 million in direct written premium annually.

(16) List the persons, groups or entities, including small businesses, that will be required to comply with the regulation. Approximate the number that will be required to comply.

This rulemaking will affect foreign and domestic life insurers that hold a certificate of authority to write life insurance contracts in the Commonwealth. The Department has identified approximately 1,003 licensees that fall within this definition. Of these licensees, 24 domestic licensees qualify as small businesses. The definition of small business in this context is a life insurance company that earns less than \$38.5 million in direct written premium annually.

(17) Identify the financial, economic and social impact of the regulation on individuals, small businesses, businesses and labor communities and other public and private organizations. Evaluate the benefits expected as a result of the regulation.

Although it is not possible to quantify the exact cost that would be incurred by an insurer implementing the standards in the proposed regulation, the proposed rulemaking may have some adverse fiscal impact on insurance companies marketing term and universal life insurance policies. Specifically, insurers may be required to expend the time and resources necessary to ensure that their reserve financing methods are consistent with the proposed rulemaking. To the extent that an insurer's current practices do not comply with the proposed regulation, an insurance company would need to put procedures in place to effect compliance. Moreover, insurers may incur costs to upgrade their technological and actuarial services. Costs of compliance with the amendments will vary by insurer.

The proposed rulemaking will benefit consumers by ensuring that insurers will be financially able to pay benefits on term and universal life policies. Commensurate with this pattern and the expected lifespan of individuals, health insurers will need to maintain the ability to pay claims more frequently and for a longer duration of time. By using the most current standards and creating a more consistent standard of review, the proposed rulemaking will promote term and universal life insurers' ability to meet their long-term contractual obligations. Moreover, the public will benefit by having access to a more robust life insurance market with products that can be relied upon to provide benefits under the terms of their contracts.

(18) Explain how the benefits of the regulation outweigh any cost and adverse effects.

Any costs incurred by insurers in complying with this rulemaking would be outweighed by the benefit to consumers of holding policies from, and submitting claims to, a more financially solvent and stable insurer. Additionally, insurers are already familiar with the standards in the regulation and the Valuation Manual (defined in 40 Pa.C.S. § 7102), which should mitigate the costs of any necessary adjustments to procedures.

(19) Provide a specific estimate of the costs and/or savings to the **regulated community** associated with compliance, including any legal, accounting or consulting procedures which may be required. Explain how the dollar estimates were derived.

Because costs of compliance with the rulemaking will vary from insurer to insurer, it is not feasible for the Department to quantify the exact cost that would be incurred by an insurer implementing the new

requirements. Costs will vary based upon the insurer's existing reserving practices, as well as the insurer's need to update current systems to accommodate the new requirements.

(20) Provide a specific estimate of the costs and/or savings to the **local governments** associated with compliance, including any legal, accounting or consulting procedures which may be required. Explain how the dollar estimates were derived.

This rulemaking will not impose any costs and/or savings to local governments.

(21) Provide a specific estimate of the costs and/or savings to the **state government** associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required. Explain how the dollar estimates were derived.

This rulemaking will not impose any costs and/or savings to state government.

(22) For each of the groups and entities identified in items (19)-(21) above, submit a statement of legal, accounting or consulting procedures and additional reporting, recordkeeping or other paperwork, including copies of forms or reports, which will be required for implementation of the regulation and an explanation of measures which have been taken to minimize these requirements.

This rulemaking does not impose any additional reporting, record keeping or paperwork upon the regulated community. It is possible that actuarial services may be required for implementation of the new requirements, but it is not possible to quantify the extent to which they may be required. These requirements will be minimized by the current applicability and familiarity with the underlying standards in the regulation as well as the standards in the Valuation Manual.

(22a) Are forms required for implementation of the regulation?

There are no forms required for implementation of the regulation.

(22b) If forms are required for implementation of the regulation, **attach copies of the forms here**. If your agency uses electronic forms, provide links to each form or a detailed description of the information required to be reported. **Failure to attach forms, provide links, or provide a detailed description of the information to be reported will constitute a faulty delivery of the regulation.**

There are no forms required for implementation of the regulation.

(23) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

|          | Current<br>FY<br>Year | FY +1<br>Year | FY +2<br>Year | FY +3<br>Year | FY +4<br>Year | FY +5<br>Year |
|----------|-----------------------|---------------|---------------|---------------|---------------|---------------|
| SAVINGS: | \$                    | \$            | \$            | \$            | \$            | \$            |

|                               |   |   |   |   |   |   |
|-------------------------------|---|---|---|---|---|---|
| <b>Regulated Community**</b>  | 0 | 0 | 0 | 0 | 0 | 0 |
| <b>Local Government*</b>      | 0 | 0 | 0 | 0 | 0 | 0 |
| <b>State Government*</b>      | 0 | 0 | 0 | 0 | 0 | 0 |
| <b>Total Savings</b>          | 0 | 0 | 0 | 0 | 0 | 0 |
| <b>COSTS:</b>                 | 0 | 0 | 0 | 0 | 0 | 0 |
| <b>Regulated Community**</b>  | 0 | 0 | 0 | 0 | 0 | 0 |
| <b>Local Government*</b>      | 0 | 0 | 0 | 0 | 0 | 0 |
| <b>State Government*</b>      | 0 | 0 | 0 | 0 | 0 | 0 |
| <b>Total Costs</b>            | 0 | 0 | 0 | 0 | 0 | 0 |
| <b>REVENUE LOSSES:</b>        | 0 | 0 | 0 | 0 | 0 | 0 |
| <b>Regulated Community **</b> | 0 | 0 | 0 | 0 | 0 | 0 |
| <b>Local Government*</b>      | 0 | 0 | 0 | 0 | 0 | 0 |
| <b>State Government*</b>      | 0 | 0 | 0 | 0 | 0 | 0 |
| <b>Total Revenue Losses</b>   | 0 | 0 | 0 | 0 | 0 | 0 |

\*As explained above, there are no expected costs, savings, or revenue losses that would be incurred by local or state government as a result of these amendments.

\*\* As explained above, because costs of compliance with the rulemaking will vary from insurer to insurer, it is not feasible for the Department to quantify the exact cost that would be incurred by an insurer implementing the new requirements. Costs will vary based upon the insurer's existing reserving practices, as well as the insurer's necessity to update current systems to accommodate the new requirements. It is not expected that this rulemaking will result in any loss of revenue to the regulated community.

(23a) Provide the past three year expenditure history for programs affected by the regulation.

| <b>Program</b> | <b>FY -3</b> | <b>FY -2</b> | <b>FY -1</b> | <b>Current FY</b> |
|----------------|--------------|--------------|--------------|-------------------|
| N/A***         | N/A***       | N/A***       | N/A***       | N/A***            |
|                |              |              |              |                   |
|                |              |              |              |                   |
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\*\*\*There is no “program” operated by the Department that will be affected by this regulation. Rather, the regulatory activities that are necessary to ensure compliance with this regulation are dispersed throughout the Department.

(24) For any regulation that may have an adverse impact on small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012), provide an economic impact statement that includes the following:

- (a) An identification and estimate of the number of small businesses subject to the regulation.
- (b) The projected reporting, recordkeeping and other administrative costs required for compliance with the proposed regulation, including the type of professional skills necessary for preparation of the report or record.
- (c) A statement of probable effect on impacted small businesses.
- (d) A description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

***Identification and Estimate of Small Business Subject to the Regulation***

The Department reviewed standards set forth by 13 CFR § 121.201 and the U.S. Small Business Administration Table of Small Business Size Standards Matched to North American Industry Classification System (NAICS) Codes to determine the applicability of this rulemaking to Pennsylvania small businesses. The standards for small business classification vary by type of business written as follows:

**Subsector 524 – Insurance Carriers and Related Activities**

| NAICS Codes | NAICS Industry Description                      | Size Standards in millions of dollars / Size Standards in number of employees |
|-------------|---|---|
| 524113      | Direct Life Insurance Carriers                  | \$38.5  |
| 524114      | Direct Health and Medical Insurance Carriers    | \$38.5  |
| 524126      | Direct Property and Casualty Insurance Carriers | 1,500 employees   |
| 524127      | Direct Title Insurance Carriers                 | \$38.5  |

|        |   |        |
|--------|---|--------|
| 524128 | Other Direct Insurance (except Life, Health and Medical) Carriers | \$38.5 |
| 524130 | Reinsurance Carriers  | \$38.5 |
| 524210 | Insurance Agencies and Brokerages                                 | \$7.5  |
| 524291 | Claims Adjusting  | \$20.5 |
| 524292 | Third Party Administration of Insurance and Pension Funds         | \$32.5 |
| 524298 | All Other Insurance Related Activities                            | \$15.0 |

Based upon the limited information available to the Department, the Department has identified the following numbers of domestic companies that may meet the definition of "small business:" 15 Fraternal Benefit Societies and 9 Direct Life Insurance Carriers.

***Projected costs of compliance and probable effect on impacted small businesses***

The rulemaking does not impose any reporting or recordkeeping requirements on the regulated community. An insurer may incur administrative cost in attaining compliance with the proposed rulemaking and may need to employ actuarial or financial services as necessary to determine to what extent reserving processes may need to be adjusted. However, because insurers utilize actuarial and financial services in the normal course of business, it is not possible to quantify the extent of additional services required, if any. Additionally, the rulemaking is not anticipated to have an effect on small businesses.

***Alternative methods***

The Department is unaware of any less intrusive or less costly alternative methods for achieving the purpose of the proposed rulemaking, which is to provide updated and consistent requirements for reserve financing for term and universal life insurance.

(25) List any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, the elderly, small businesses, and farmers.

The Department has not developed any special provisions for the needs of particular affected groups or persons.

(26) Include a description of any alternative regulatory provisions which have been considered and rejected and a statement that the least burdensome acceptable alternative has been selected.

No alternative regulatory provisions have been considered by the Department.

(27) In conducting a regulatory flexibility analysis, explain whether regulatory methods were considered that will minimize any adverse impact on small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012), including:

- a) The establishment of less stringent compliance or reporting requirements for small businesses;
- b) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
- c) The consolidation or simplification of compliance or reporting requirements for small businesses;
- d) The establishment of performance standards for small businesses to replace design or operational standards required in the regulation; and
- e) The exemption of small businesses from all or any part of the requirements contained in the regulation.

The Department did not consider regulatory methods to minimize adverse impact on small businesses. The reserving financing standards required by the proposed rulemaking are necessary to ensure financial solvency and wherewithal to pay claims regardless of the size of the insurer issuing the policy. Consumers that purchase term and universal life insurance policies from smaller insurers should be provided the same assurances that their benefits be paid as those who contract with larger insurers. Also, it should be noted that the Department does not have the statutory authority to grant an exemption of small businesses from all or any part of the requirements of the proposed amendments.

(28) If data is the basis for this regulation, please provide a description of the data, explain in detail how the data was obtained, and how it meets the acceptability standard for empirical, replicable and testable data that is supported by documentation, statistics, reports, studies or research. Please submit data or supporting materials with the regulatory package. If the material exceeds 50 pages, please provide it in a searchable electronic format or provide a list of citations and internet links that, where possible, can be accessed in a searchable format in lieu of the actual material. If other data was considered but not used, please explain why that data was determined not to be acceptable.

No data has been used as the basis for this proposed regulation.

(29) Include a schedule for review of the regulation including:

- A. The length of the public comment period - 30 days
- B. The date or dates on which any public meetings or hearings will be held: None
- C. The expected date of delivery of the final-form regulation: Fall 2022
- D. The expected effective date of the final-form regulation: January 1, 2023
- E. The expected date by which compliance with the final-form regulation will be required: January 1, 2023
- F. The expected date by which required permits, licenses or other approvals must be obtained: N/A

(30) Describe the plan developed for evaluating the continuing effectiveness of the regulations after its implementation.

The Department reviews each of its regulations for continued effectiveness on a triennial basis.

CDL-1

FACE SHEET  
FOR FILING DOCUMENTS  
WITH THE LEGISLATIVE REFERENCE BUREAU  
(Pursuant to Commonwealth Documents Law)

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JAN 26 2022

Independent Regulatory  
Review Commission

DO NOT WRITE IN THIS SPACE

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| <p>Copy below is hereby approved as to form and legality. Attorney General</p> <p><b>Amy M. Elliott</b><br/> <small>Digitally signed by Amy M. Elliott<br/> DN: cn=Amy M. Elliott a Pennsylvania<br/> Office of Attorney General, ou=Chief<br/> Deputy Attorney General<br/> serial=1, uri=http://attorneygeneral.gov.c.us<br/> date=2022.01.13:07:53:28-0500</small></p> <p>BY: <u>Elliott</u><br/>(DEPUTY ATTORNEY GENERAL)</p> <p><u>1/13/2022</u><br/>DATE OF APPROVAL</p> <p><input type="checkbox"/> Check if applicable<br/>Copy not approved. Objections attached.</p> | <p>Copy below is here by certified to be a true and correct copy of a document issued, prescribed or promulgated by:</p> <p><u>Insurance Department</u><br/>(AGENCY)</p> <p>DOCUMENT/FISCAL NOTE NO. <u>11-260</u></p> <p>DATE OF ADOPTION: _____</p> <p>BY: <u>Jessica K. Altman</u><br/>Jessica K. Altman<br/>Insurance Commissioner</p> <p>TITLE _____<br/>(EXECUTIVE OFFICER, CHAIRMAN OR SECRETARY)</p> | <p>Copy below is hereby approved as to form and legality. Executive or Independent Agencies.</p> <p>BY: <u>[Signature]</u></p> <p><u>December 13, 2021</u><br/>DATE OF APPROVAL</p> <p><u>Deputy General Counsel</u><br/>(<del>Chief Counsel, Independent Agency</del>)<br/>(Strike inapplicable title)</p> <p><input type="checkbox"/> Check if applicable. No Attorney General approval or objection within 30 days after submission.</p> |
|--|--|---|

NOTICE OF PROPOSED RULEMAKING  
INSURANCE DEPARTMENT

31 Pa. Code Chapter 90J

Term and Universal Life Insurance Reserve Financing Standards

**PROPOSED RULEMAKING**

**INSURANCE DEPARTMENT**

**31 Pa. CODE CH. 90J**

**Term and Universal Life Insurance Reserve Financing Standards**

[ \_\_\_ Pa.B. \_\_\_ ]

[Saturday, \_\_\_\_\_, 202\_] ]

**Preamble**

The Insurance Department (Department) proposes to add Chapter 90J to the Department's regulations (31 Pa. Code §§ 90j.1 – 90j.9) (relating to term and universal life insurance reserve financing standards) to read as set forth in Annex A. This rulemaking is proposed under the Department's general rulemaking authority as set forth in sections 206, 506, 1501 and 1502 of The Administrative Code of 1929 (71 P.S. §§ 66, 186, 411 and 412) and the Department's rulemaking authority under section 319.3(j) of the act of May 17, 1921 (P.L. 682, No. 284), known as the Insurance Company Law of 1921 (40 P.S. § 442.3(j)).

***Purpose***

The purpose of this proposed regulation is to establish uniform, national standards governing reserve financing arrangements pertaining to life insurance policies containing guaranteed non-level gross premiums, guaranteed non-level benefits, and universal life insurance policies with secondary guarantees. Additionally, this regulation is intended to ensure, with respect to each financing arrangement, funds consisting of primary security and other security are held by or on behalf of ceding insurers in the forms and amounts as set forth in Annex A.

This proposed regulation is developed directly from the National Association of Insurance Commissioners (NAIC) Term and Universal Life Insurance Reserve Financing Model Regulation (# 787) which is an NAIC accreditation standard. This proposed regulation sets forth specific standards related to the security held by insurers engaged in the ceding of reinsurance as contemplated by the enabling statute. By ensuring that the primary or other security held by or on behalf of ceding insurers is in the forms and amounts set forth in Annex A, this proposed rulemaking will address how reinsurance is ceded for reserve financing purposes. This is important because, generally, some or all of the assets used to secure a reinsurance treaty or to capitalize a reinsurer are (1) issued by the ceding insurer or its affiliates, (2) not unconditionally available to satisfy the general account obligations of the ceding insurer, or (3) create a reimbursement, indemnification or other similar obligation on the part of the ceding insurer or any of its affiliates.

***Explanation of Regulatory Requirements***

Proposed section 90j.1 (relating to definitions) defines the words and terms in Chapter 90j.

Proposed sections 90j.2 and 90j.3 (relating to authority and purpose) sets forth the authority for the regulation pursuant to the Credit for Reinsurance statute and that the purpose of the chapter is to establish uniform, national standards governing reserve financing arrangements pertaining to life insurance policies.

Proposed section 90j.4 (relating to applicability) clarifies the regulation is applicable to reinsurance treaties that cede liabilities pertaining to covered policies domiciled in this Commonwealth.

Proposed section 90j.5 (relating to exemptions) describes the criteria that would qualify certain reinsurance arrangements for an exemption from the provisions of the regulation.

Proposed section 90j.6 (relating to the actuarial method) establishes the required level of primary security for each reinsurance treaty subject to this regulation shall be VM-20, applied on a treaty-by-treaty basis.

Proposed section 90j.7 (relating to requirements applicable to covered policies to obtain credit for reinsurance; opportunity for remediation) identifies the requirements for credit for reinsurance to be allowed with respect to ceded liabilities pertaining to covered policies as well as the opportunity to remedy any deficiency.

Proposed section 90j.8 (relating to prohibition against avoidance) forbids insurers from engaging in actions or transactions to avoid compliance with this Chapter.

Proposed section 90j.9 (relating to effective date) establishes the Chapter is effective upon publication of the final form regulation in the *Pennsylvania Bulletin*.

### ***External Comments***

The Department circulated a draft copy of Annex A, which includes all of the proposed regulatory provisions, to representatives of insurance carriers who currently issue, or may potentially issue, policies that offer term and universal life insurance policies. This includes Insurance Federation of Pennsylvania, Inc., the American Council of Life Insurers, America's Health Insurance Plans, and Life Insurance Company of North America. Comments received were carefully considered in developing the proposed rulemaking.

### ***Affected Parties***

This rulemaking will affect foreign and domestic life insurers that hold a certificate of authority to write life insurance contracts in the Commonwealth.

### ***Fiscal Impact***

### ***State Government***

There will not be any fiscal impact to the Department as a result of this proposed rulemaking.

*General Public*

The proposed rulemaking will have no fiscal impact upon the general public.

*Political Subdivisions*

The proposed rulemaking will have no fiscal impact upon political subdivisions.

*Private Sector*

The proposed rulemaking will have no fiscal impact upon the private sector, except for a possible minimal impact to the regulated entities affected.

*Paperwork*

The proposed rulemaking would not impose additional paperwork on the Department because no additional filing is required to be made by insurers that must comply with this proposed rulemaking.

*Effectiveness/Sunset Date*

The proposed rulemaking will become effective immediately upon final-form publication in the *Pennsylvania Bulletin*. The Department continues to monitor the effectiveness of regulations on a triennial basis; therefore, no sunset date has been assigned.

*Contact Person*

Questions or comments regarding the proposed rulemaking may be addressed in writing to Eric Carlisle, Regulatory Coordinator, Insurance Department, 1341 Strawberry Square, Harrisburg, PA 17120, within 30 days following the publication of this notice in the *Pennsylvania Bulletin*. Questions and comments may also be e-mailed to [ercarlisle@pa.gov](mailto:ercarlisle@pa.gov) or faxed to (717) 772-1969.

*Regulatory Review*

Under Section 5(a) of the Regulatory Review Act (71 P.S. § 745.5(a)), on \_\_\_\_\_, the Department submitted a copy of this proposed rulemaking and a copy of a Regulatory Analysis Form to the Independent Regulatory Review Commission (IRRC) and to the Chairpersons of the House Insurance Committee and the Senate Banking and Insurance Committee. A copy of this material is available to the public upon request.

Under section 5(g) of the Regulatory Review Act, IRRC may convey any comments, recommendations or objections to the proposed rulemaking within 30 days of the close of the public comment period. The comments, recommendations or objections must specify the regulatory review criteria in section 5.2 of the Regulatory Review Act (71 P.S. § 745.5b) that

have not been met. The Regulatory Review Act specifies detailed procedures for review, prior to final delivery of the rulemaking, by the Department, the General Assembly and the Governor.

*Jessica K. Altman*  
*Insurance Commissioner*

ANNEX A

TITLE 31. INSURANCE

PART IV. LIFE INSURANCE

CHAPTER 90J. TERM AND UNIVERSAL LIFE INSURANCE RESERVE FINANCING STANDARDS

§ 90j.1. Definitions.

*Actuarial Method* – means the methodology used to determine the Required Level of Primary Security, as described in Section 90j.6.

*Covered Policies* – means, subject to the exemptions described in Section 90j.5, those policies of either of the following types. These do not include policies issued prior to January 1, 2015, and ceded, as of December 31, 2014, as part of a reinsurance treaty that would not have met one of the exemptions set forth in Section 90j.4 had that section then been in effect:

(i) Life insurance policies with guaranteed nonlevel gross premiums and/or guaranteed nonlevel benefits, except for flexible premium universal life insurance policies;

(ii) Flexible premium universal life insurance policies with provisions resulting in the ability of a policyholder to keep a policy in force over a secondary guarantee period.

*Non-Covered Policies* – means any policy that does not meet the definition of covered policies.

*Required Level of Primary Security* – means the dollar amount determined by applying the actuarial method to the risks ceded with respect to covered policies, but not more than the total reserve ceded.

*Primary Security* —means the following forms of security:

(i) Cash meeting the requirements of section 319.1 of the Insurance Company Law of 1921 (Insurance Company Law of 1921) (40 P.S. § 442.1(b)(1)) regarding reinsurance credits;

(ii) Securities listed by the Securities Valuation Office meeting the requirements of section 319.1 of the Insurance Company Law of 1921 (40 P.S. § 442.1(b)(2)) (regarding reinsurance credits), but excluding any synthetic letter of credit, contingent note, credit-linked note or other similar security that operates in a manner similar to a letter of credit, and excluding any securities issued by the ceding insurer or any of its affiliates;

(iii) For security held in connection with funds-withheld and modified coinsurance reinsurance treaties, all of the following:

(A) Commercial loans in good standing of CM3 quality and higher;

(B) Policy Loans;

(C) Derivatives acquired in the normal course and used to support and hedge liabilities pertaining to the actual risks in the policies ceded pursuant to the reinsurance treaty.

*Other Security*—Any security acceptable to the Commissioner other than security meeting the definition of primary security.

*Risk-based capital or RBC*— means as defined in section 501-A of the Insurance Department Act of 1921 (Insurance Department Act of 1921) (40 P.S. § 221.1-A) regarding definitions related to risk-based capital requirements.

*Valuation Manual*— means the valuation manual adopted by the NAIC as described in Section 11B(1) of the Standard Valuation Law, with all amendments adopted by the NAIC that are effective for the financial statement date on which credit for reinsurance is claimed, and which had an operative date of January 1, 2017, pursuant to 40 Pa.C.S. § 7104 with public notice published at 40 Pa. B. 5867 (September 10, 2016).

*VM-20*— means requirements for Principle-Based Reserves for Life Products, including all relevant definitions, from the Valuation Manual.

#### **§ 90j.2. Authority.**

This chapter is adopted and promulgated by the Pennsylvania Insurance Department pursuant to section 319.3 of the Insurance Company Law of 1921 (40 P.S. § 442.3(j)), regarding credit for reinsurance and reciprocal jurisdictions.

#### **§ 90j.3. Purpose.**

The purpose and intent of this chapter is as follows:

(a) to establish uniform, national standards governing reserve financing arrangements pertaining to life insurance policies containing guaranteed nonlevel gross premiums, guaranteed nonlevel benefits and universal life insurance policies with secondary guarantees;

(b) to ensure that, with respect to each such financing arrangement, funds consisting of primary security and other security, as defined in section 90j.1, are held by or on behalf of ceding insurers in the forms and amounts required in this chapter.

#### **§ 90j.4. Applicability.**

This chapter shall apply to reinsurance treaties that cede liabilities pertaining to covered policies, as that term is defined in section 90j.1, issued by any life insurance company domiciled in this state. This chapter and 31 Pa. Code Chapter 161 (related to requirements for qualified and certified reinsurers) shall both apply to such reinsurance treaties; provided, that in the event of a direct conflict between the provisions of this chapter and 31 Pa. Code Chapter 161 (related to requirements for qualified and certified reinsurers), the provisions of this chapter shall apply, but only to the extent necessary to resolve the conflict.

#### **§ 90j.5 Exemptions.**

(a) This chapter does not apply to the following:

(1) Reinsurance of:

(i) Policies that satisfy the criteria for exemption set forth in 31 Pa. Code Chapter 84C (relating to valuation of life insurance policies); and which are issued before the later of:

(A) The effective date of this chapter

(B) The date on which the ceding insurer begins to apply the provisions of VM-20 to establish the ceded policies' statutory reserves, but in no event later than Jan 1, 2020.

(ii) Portions of policies that satisfy the criteria for exemption set forth in 31 Pa. Code § 84c.6(e) and which are issued before the later of:

(A) The effective date of this chapter;

(B) The date on which the ceding insurer begins to apply the provisions of VM-20 to establish the ceded policies' statutory reserves, but in no event later than January 1, 2020.

(iii) Any universal life policy that meets all of the following requirements:

(A) Secondary guarantee period, if any, is five (5) years or less;

(B) Specified premium for the secondary guarantee period is not less than the net level reserve premium for the secondary guarantee period based on the Commissioners Standard Ordinary (CSO) valuation tables and valuation interest rate applicable to the issue year of the policy;

(C) The initial surrender charge is not less than one hundred percent (100%) of the first year annualized specified premium for the secondary guarantee period

(iv) Credit life insurance;

(v) Any variable life insurance policy that provides for life insurance, the amount or duration of which varies according to the investment experience of any separate account or accounts;

(vi) Any group life insurance certificate unless the certificate provides for a stated or implied schedule of maximum gross premiums required in order to continue coverage in force for a period in excess of one year.

(2) Reinsurance ceded to an assuming insurer that meets the applicable requirements of 31 Pa. Code Chapter 163 (relating to requirements for funds held as security for the payment of obligations of unlicensed, unqualified reinsurers);

(3) Reinsurance ceded to an assuming insurer that meets the applicable requirements of section 319.1 of the Insurance Company Law of 1921 (40 P.S. § 442.1(a.2)(2)), which satisfies both of the following requirements:

(i) The insurer prepares statutory financial statements in compliance with the NAIC Accounting Practices and Procedures Manual, without any departures from NAIC statutory accounting practices and procedures pertaining to the admissibility or valuation of assets or liabilities that increase the assuming insurer's reported surplus and are material enough that they need to be disclosed in the financial statement of the assuming insurer pursuant to Statement of Statutory Accounting Principles No. 1 ("SSAP 1");

(ii) The insurer is not in a company action level event, regulatory action level event, authorized control level event, or mandatory control level event as those terms are defined in section 501-A of the Insurance Department Act of 1921 (40 P.S. § 221.1-A), regarding definitions related to risk-based capital requirements, when its RBC is calculated in accordance with the life risk-based capital report including overview and instructions for companies, as the same may be amended by the NAIC from time to time, without deviation.

(4) Reinsurance ceded to an assuming insurer that meets the applicable requirements of section 319.1 of the Insurance Company Law of 1921 (40 P.S. § 442.1(a.2)), which satisfies the following requirements:

(i) The insurer is not an affiliate, as that term is defined in section 1401 of the Insurance Company Law of 1921 (40 P.S. § 991.1401) regarding definitions of terms related to Insurance Holding Companies, of either the insurer ceding the business to the assuming insurer or any insurer that directly or indirectly ceded the business to that ceding insurer.

(ii) The insurer prepares statutory financial statements in compliance with the NAIC Accounting Practices and Procedures Manual;

(iii) The insurer is licensed or accredited in at least 10 states (including its state of domicile);

(iv) The insurer is not licensed in any state as a captive, special purpose vehicle, special purpose financial captive, special purpose life reinsurance company, limited purpose subsidiary, or any other similar licensing regime;

(v) The insurer is not, or would not be, below 500% of the Authorized Control Level RBC as that term is defined in section 501-A of the Insurance Department Act of 1921 (40 P.S. § 221.1-A) when its RBC is calculated in accordance with the life risk-based capital report including overview and instructions for companies, as the same may be amended by the NAIC from time to time, without deviation, and without recognition of any departures from NAIC statutory accounting practices and procedures pertaining to the admission or valuation of assets or liabilities that increase the assuming insurer's reported surplus.

(5) Reinsurance ceded to an assuming insurer that meets the requirements of section 319.1 of the Insurance Company Law of 1921 (40 P.S. § 442.1(f)(2)(iii));

(6) Reinsurance not otherwise exempt under paragraphs (1) through (5) if the commissioner determines under all the facts and circumstances, including the work of the NAIC Financial Analysis Working Group or other group of regulators designated by the NAIC, as applicable, that all of the following apply:

(i) The risks are clearly outside of the intent and purpose of this Chapter (as described in Section 2 above).

(ii) The risks are included within the scope of this Chapter only as a technicality.

(iii) The application of this Chapter to those risks is not necessary to provide appropriate protection to policyholders. The commissioner shall publicly disclose any decision made pursuant to this paragraph to exempt a reinsurance treaty from this chapter, including a summary description of the treaty, as well as the general basis for the exemption.

#### **§ 90j.6 The Actuarial Method.**

(a) *Actuarial Method.* The actuarial method to establish the required level of primary security for each reinsurance treaty subject to this Chapter shall be VM-20, applied on a treaty-by-treaty basis, including all relevant definitions, from the valuation manual as then in effect, applied as follows:

(1) For covered policies described in paragraph (i) of the definition of "Covered Policies" in section 90j.1, the actuarial method is the greater of the deterministic reserve or the net premium reserve (NPR) regardless of whether the criteria for exemption testing can be met, subject to the following:

(i) If the covered policies do not meet the requirements of the stochastic reserve exclusion test in the valuation manual, then the actuarial method is the greatest of the Deterministic Reserve, the Stochastic Reserve, or the NPR.

(ii) If the covered policies are reinsured in a reinsurance treaty that also contains covered policies described in paragraph (ii) of the definition of "Covered Policies" in section 90j.1 above, the ceding insurer may elect to instead use paragraph (2) below as the actuarial method for the entire reinsurance agreement.

(iii) The actuarial method must comply with any requirements or restrictions that the valuation manual imposes when aggregating these policy types for purposes of principle-based reserve calculations.

(2) For covered policies described in paragraph (ii) of the definition of "Covered Policies" in section 90j.1 above, the actuarial method is the greatest of the deterministic reserve, the stochastic reserve, or the NPR regardless of whether the criteria for exemption testing can be met.

(3) Except as provided in paragraph (4) below, the actuarial method is to be applied on a gross basis to all risks with respect to the covered policies as originally issued or assumed by the ceding insurer.

(4) If the reinsurance treaty cedes less than one hundred percent (100%) of the risk with respect to the covered policies then the required level of primary security may be reduced by any of the following or any combination of the following:

(i) If a reinsurance treaty cedes only a quota share of some or all of the risks pertaining to the covered policies, the required level of primary security, as well as any adjustment under subparagraph (iii) below, may be reduced to a pro rata portion in accordance with the percentage of the risk ceded;

(ii) If the reinsurance treaty in a non-exempt arrangement cedes only the risks pertaining to a secondary guarantee, the required level of primary security may be reduced by an amount

determined by applying the actuarial method on a gross basis to all risks, other than risks related to the secondary guarantee, pertaining to the covered policies, subject to the following:

(A) For covered policies for which the ceding insurer did not elect to apply the provisions of VM-20 to establish statutory reserves, the required level of primary security may be reduced by the statutory reserve retained by the ceding insurer on those covered policies;

(B) The retained reserve of those covered policies should reflect any reduction pursuant to the cession of mortality risk on a yearly renewable term basis in an exempt arrangement;

(iii) If a portion of the covered policy risk is ceded to another reinsurer on a yearly renewable term basis in an exempt arrangement, the required level of primary security may be reduced by the amount resulting from applying the actuarial method including the reinsurance section of VM-20 to the portion of the covered policy risks ceded in the exempt arrangement. For covered policies issued prior to Jan 1, 2017, this adjustment is not to exceed  $[c_x / (2 * \text{number of reinsurance premiums per year})]$  where  $c_x$  is calculated using the same mortality table used in calculating the net premium reserve;

(iv) For any other treaty ceding a portion of risk to a different reinsurer, including but not limited to stop loss, excess of loss and other non-proportional reinsurance treaties, there will be no reduction in the required level of primary security.

(5) Any adjustments, as set forth in paragraphs (1) – (4) of this section, must meet the following criteria:

(i) The required level of primary security must be done in the sequence that accurately reflects the portion of the risk ceded via the treaty.

(ii) The ceding insurer must document the rationale and steps taken to accomplish the adjustments to the required level of primary security due to the cession of less than one hundred percent (100%) of the risk.

(iii) The adjustments for other reinsurance will be made only with respect to reinsurance treaties entered into directly by the ceding insurer. The ceding insurer will make no adjustment as a result of a retrocession treaty entered into by the assuming insurers.

(6) In no event will the required level of primary security resulting from application of the actuarial method exceed the amount of statutory reserves ceded.

(7) If the ceding insurer cedes risks with respect to covered policies, including any riders, in more than one reinsurance treaty subject to this Chapter, in no event will the aggregate required level of primary security for those reinsurance treaties be less than the required level of primary

security calculated using the actuarial method as if all risks ceded in those treaties were ceded in a single treaty subject to this chapter;

(8) If a reinsurance treaty subject to this Chapter cedes risk on both covered and non-covered policies, credit for the ceded reserves shall be determined according to both of the following standards:

(i) The actuarial method shall be used to determine the required level of primary security for the covered policies, and section 90j.7 shall be used to determine the reinsurance credit for the covered policy reserves;

(ii) Credit for the non-covered policy reserves shall be granted only to the extent that security, in addition to the security held to satisfy the requirements of subparagraph (i), is held by or on behalf of the ceding insurer in accordance with section 319.3 of the Insurance Company Law of 1921 (40 P.S. § 442.3(c)(4)(iv)-(v)). Any primary security used to meet the requirements of this clause may not be used to satisfy the required level of primary security for the covered policies.

(b) *Valuation used for Purposes of Calculations.* For the purposes of both calculating the required level of primary security pursuant to the actuarial method and determining the amount of primary security and other security, as applicable, held by or on behalf of the ceding insurer, the following shall apply:

(1) For assets, including any such assets held in trust, that would be admitted under the NAIC Accounting Practices and Procedures Manual if they were held by the ceding insurer, the valuations are to be determined according to statutory accounting procedures as if such assets were held in the ceding insurer's general account and without taking into consideration the effect of any prescribed or permitted practices;

(2) For all other assets, the valuations are to be those that were assigned to the assets for the purpose of determining the amount of reserve credit taken, subject to the following:

(i) The asset spread tables and asset default cost tables required by VM-20 shall be included in the actuarial method if adopted by the NAIC's Life Actuarial (A) Task Force no later than the month of December preceding the valuation date for which the required level of primary security is being calculated.

(ii) The tables of asset spreads and asset default costs shall be incorporated into the actuarial method in the manner specified in VM-20.

**§ 90j.7. Requirements Applicable to Covered Policies to Obtain Credit for Reinsurance; Opportunity for Remediation.**

(a) *Requirements.* Subject to the exemptions described in Section 90j.5 and the provisions of Section 90j.7(b), credit for reinsurance shall be allowed with respect to ceded liabilities pertaining to covered policies pursuant to section 319.1 of the Insurance Company Law of 1921 (40 P.S. § 442.1(b)) only if, in addition to all other requirements imposed by law or regulation, all of the following requirements are met on a treaty-by-treaty basis:

(1) The ceding insurer's statutory policy reserves with respect to the covered policies are established in full and in accordance with the applicable requirements of 40 Pa.C.S. §§ 7101 et seq. (relating to reserve liabilities) and its related regulations and actuarial guidelines. Credit claimed for any reinsurance treaty subject to this Chapter may not exceed the proportionate share of those reserves ceded under the contract.

(2) The ceding insurer determines the required level of primary security with respect to each reinsurance treaty subject to this chapter and provides support for its calculation in a manner acceptable to the Commissioner.

(3) Funds consisting of primary security, in an amount at least equal to the required level of primary security, are held by or on behalf of the ceding insurer, as security under the reinsurance treaty within the meaning of section 319.1 of the Insurance Company Law of 1921 (40 P.S. § 442.1(b)), on a funds withheld, trust, or modified coinsurance basis.

(4) Funds consisting of other security, in an amount at least equal to any portion of the statutory reserves as to which primary security is not held pursuant to Paragraph (3) above, are held by or on behalf of the ceding insurer as security under the reinsurance treaty within the meaning of section 319.1 of the Insurance Company Law of 1921 (40 P.S. § 442.1(b)).

(5) Any trust used to satisfy the requirements of this section shall comply with all of the conditions and qualifications of 31 Pa. Code Chapter 163 (relating to requirements for funds held as security for the payment of obligations of unlicensed, unqualified reinsurers), subject to the following:

(i) Funds consisting of primary security or other security held in trust, shall for the purposes identified in Section 90j.6(b), be valued according to the valuation rules set forth in Section 90j.6(b), as applicable.

(ii) There may not be any affiliate investment limitations with respect to any security held in such trust if such security is not needed to satisfy the requirements of paragraph (3).

(iii) The reinsurance treaty must prohibit withdrawals or substitutions of trust assets that would leave the fair market value of the primary security within the trust, when aggregated with Primary Security outside the trust that is held by or on behalf of the ceding insurer in the manner required by paragraph (3), below 102% of the level required by paragraph (3) at the time of the withdrawal or substitution.

(iv) The determination of reserve credit under 31 Pa. Code Chapter 163 (relating to requirements for funds held as security for the payment of obligations of unlicensed, unqualified reinsurers) shall be determined according to the valuation rules set forth in Section 90j.6(b), as applicable.

(6) The reinsurance treaty has been approved by the Commissioner.

(b) *Requirements at inception date and on an on-going basis; Remediation.*

(1) The requirements of subsection (a) must be satisfied as of the date that risks under covered policies are ceded (if such date is on or after the effective date of this Chapter) and on an ongoing basis thereafter, subject to the following:

(i) Under no circumstances shall a ceding insurer take or consent to any action or series of actions that would result in a deficiency under paragraphs (a)(3) or (a)(4) with respect to any reinsurance treaty under which covered policies have been ceded, and

(ii) In the event that a ceding insurer becomes aware at any time that such a deficiency exists, it shall use its best efforts to arrange for the deficiency to be eliminated as expeditiously as possible.

(2) Prior to the due date of each quarterly or annual statement, each life insurance company that has ceded reinsurance within the scope of section 90j.4 shall perform an analysis, on a treaty-by-treaty basis, to determine, as to each reinsurance treaty under which covered policies have been ceded, whether, as of the end of the immediately preceding calendar quarter, the requirements of paragraphs (a)(3) and (a)(4) were satisfied.

(i) The ceding insurer shall establish a liability equal to the excess of the credit for reinsurance taken over the amount of primary security actually held pursuant to paragraph (3), unless:

(A) The requirements of paragraphs (a)(3) and (a)(4) were fully satisfied as of the valuation date as to such reinsurance treaty;

(B) Any deficiency has been eliminated before the due date of the quarterly or annual statement to which the valuation date relates through the addition of primary security and/or other security in such amount and in such form as would have caused the requirements of paragraphs (a)(3) and (a)(4) to be fully satisfied as of the valuation date.

(3) Nothing in paragraph (2) shall be construed to allow a ceding company to maintain any deficiency under section paragraphs (a)(3) or (a)(4) for any period of time longer than is reasonably necessary to eliminate it.

**§ 90j.8. Prohibition against Avoidance.**

No insurer that has covered policies subject to this Chapter as set forth in section 90j.4 shall take any action or series of actions, or enter into any transaction or arrangement, or series of transactions or arrangements, if the purpose of such action, transaction or arrangement or series thereof, is to avoid the requirements of this Chapter, or to circumvent the purpose and intent of this chapter as set forth in section 90j.3.

**§ 90j.9. Effective Date.**

This chapter shall be effective [LRB to insert date here upon final publication] and shall pertain to the credit for reinsurance taken for all covered policies.



GOVERNOR'S OFFICE OF GENERAL COUNSEL

January 26, 2021

David Sumner  
Independent Regulatory Review Commission  
333 Market St., 14<sup>th</sup> Fl  
Harrisburg, PA 17120

RE: Insurance Department Proposed-form Regulation No. 11-260 – 31 Pa. Code  
Chapter 90j Term and Universal Life Insurance Reserve Financing Standards

Dear Mr. Sumner:

Pursuant to Section 5(a) of the Regulatory Review Act, enclosed for your information and review is proposed form regulation 11-260, Term and Universal Life Reserve Financing Standards.

This proposed form regulation 11-260 updates Pennsylvania's standards to align with the most recent updates to the National Association of Insurance Commissioners (NAIC) Term and Universal Life Insurance Reserve Financing Standards Model Regulation (#787).

If you have any questions regarding this matter, please contact me at (717) 346-5628.

Sincerely yours,

Eric W. Carlisle  
Regulatory Coordinator

**Carlisle, Eric**

---

**From:** Humma, Jonathan <jhumma@pasen.gov>  
**Sent:** Tuesday, January 25, 2022 2:38 PM  
**To:** Carlisle, Eric  
**Cc:** Hendrickson, Richard; Frantz, Jodi (Insurance)  
**Subject:** RE: Proposed Regulation 11-260

**Categories:** Regulations

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**JAN 26 2022**

**Independent Regulatory  
Review Commission**

Good afternoon Eric. I confirm receiving proposed regulation 11-260. Thank you.

Sincerely,

**Jonathan Humma, Executive Director**  
Senate Banking & Insurance Committee  
Chairman John DiSanto, District 15  
168 Main Capitol, Harrisburg, PA 17120  
717-787-6801, [www.SenatorDiSanto.com](http://www.SenatorDiSanto.com)

**From:** Carlisle, Eric <ercarlisle@pa.gov>  
**Sent:** Tuesday, January 25, 2022 1:56 PM  
**To:** Humma, Jonathan <jhumma@pasen.gov>  
**Cc:** Hendrickson, Richard <rihendrick@pa.gov>; Frantz, Jodi (Insurance) <jodfrantz@pa.gov>  
**Subject:** Proposed Regulation 11-260

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Mr. Humma,

Good Afternoon.

Please provide email confirmation that you have received this email and its attachment. This email and its attachment constitutes electronic delivery of the proposed rulemaking package for Insurance Department Regulation # 11-260 (Chapter 90J Term and Universal Life Insurance Reserve Financing Standards). This proposed rulemaking updates Pennsylvania's standards to align with the National Association of Insurance Commissioners (NAIC) Term and Universal Life Insurance Reserve Financing Model Regulation (# 787) which is an NAIC accreditation standard.

**Eric W. Carlisle** | Legal Office Administrator 1 | Regulatory Coordinator  
Insurance Department | Office of Chief Counsel  
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[www.insurance.pa.gov](http://www.insurance.pa.gov)

**Carlisle, Eric**

---

**From:** Morris, Dustin <Dustin.Morris@pasenate.com>  
**Sent:** Tuesday, January 25, 2022 6:19 PM  
**To:** Carlisle, Eric  
**Cc:** Hendrickson, Richard; Frantz, Jodi (Insurance); Barry, Abdoul  
**Subject:** Re: Proposed Regulation 11-260

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Received. Thanks.

Dustin

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**Sent:** Tuesday, January 25, 2022 4:13:18 PM  
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**Cc:** Hendrickson, Richard <rihendrick@pa.gov>; Frantz, Jodi (Insurance) <jodfrantz@pa.gov>; Barry, Abdoul <abbarry@pa.gov>  
**Subject:** Proposed Regulation 11-260

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**Carlisle, Eric**

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**From:** Garth Shipman <Gshipman@pahousegop.com>  
**Sent:** Tuesday, January 25, 2022 2:17 PM  
**To:** Carlisle, Eric; Garth Shipman  
**Cc:** Hendrickson, Richard; Frantz, Jodi (Insurance)  
**Subject:** RE: Proposed Regulation 11-260

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Thank you.

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**From:** Carlisle, Eric <ercarlisle@pa.gov>  
**Sent:** Tuesday, January 25, 2022 2:12 PM  
**To:** Garth Shipman <Gshipman@pahousegop.com>  
**Cc:** Hendrickson, Richard <rihendrick@pa.gov>; Frantz, Jodi (Insurance) <jodfrantz@pa.gov>  
**Subject:** Proposed Regulation 11-260  
**Importance:** High

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**Carlisle, Eric**

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**From:** Cohn, Alan J. <ACohn@pahouse.net>  
**Sent:** Tuesday, January 25, 2022 2:43 PM  
**To:** Carlisle, Eric  
**Cc:** Frantz, Jodi (Insurance); Keller, Joseph  
**Subject:** RE: Proposed Regulation 11-260

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Received, thank you.

Alan J. Cohn

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**From:** Carlisle, Eric <ercarlisle@pa.gov>  
**Sent:** Tuesday, January 25, 2022 2:11 PM  
**To:** Cohn, Alan J. <ACohn@pahouse.net>  
**Cc:** Frantz, Jodi (Insurance) <jodfrantz@pa.gov>  
**Subject:** RE: Proposed Regulation 11-260  
**Importance:** High

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**Carlisle, Eric**

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**From:** Bulletin <bulletin@palrb.us>  
**Sent:** Tuesday, January 25, 2022 2:45 PM  
**To:** Carlisle, Eric  
**Cc:** Hendrickson, Richard; Frantz, Jodi (Insurance)  
**Subject:** [External] RE: Proposed Regulation 11-260

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Good afternoon Eric,

Thank you for sending this proposed rulemaking. Someone from our office will contact you regarding publication in the Pennsylvania Bulletin.

Take care,

**Ernest L. Engvall | Legal Assistant**  
[eengvall@palrb.us](mailto:eengvall@palrb.us) | 717.783.1531  
Legislative Reference Bureau  
Code and Bulletin Office

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**Sent:** Tuesday, January 25, 2022 2:43 PM  
**To:** Bulletin <bulletin@palrb.us>  
**Cc:** Hendrickson, Richard <rihendrick@pa.gov>; Frantz, Jodi (Insurance) <jodfrantz@pa.gov>  
**Subject:** Proposed Regulation 11-260  
**Importance:** High

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