



**DOMESTIC/FOREIGN INSURERS BULLETIN NO. 88**

**TO: ALL LIFE, HEALTH AND ANNUITY COMPANIES DOING BUSINESS  
IN THE STATE OF DELAWARE**

**RE: 2017 Operative Date of Principle-Based Valuation Manual**

**DATED: August 26, 2016**

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The purpose of this Bulletin is to give notice to all life, health and annuity companies doing business in Delaware that the Principle-Based Valuation Manual will be effective for all policies issued on or after January 1, 2017.

The Delaware Standard Valuation Law (SVL)<sup>1</sup> establishes a principle-based valuation methodology that is applicable, subject to specified exceptions, to life, health, and annuity business written after the “operative date” of the uniform valuation manual adopted by the National Association of Insurance Commissioners (NAIC).

To enable uniform and simultaneous implementation by participating states, the SVL provides that the valuation manual will only become operative when a sufficient number of states have adopted substantially similar laws before July 1 of the preceding year. Specifically, the operative date is established as of January 1 of the first calendar year following the first July 1 as of which all the following events have occurred:

“(1) The valuation manual has been adopted by the NAIC by an affirmative vote of at least 42 members, or 3/4 of the members voting, whichever is greater.

(2) The Standard Valuation Law, as amended by the NAIC in 2009, or legislation including substantially similar terms and provisions, has been enacted by States representing greater than 75% of the direct premiums written as reported in the following annual statements submitted for 2008: life, accident and health annual statements; health annual statements; or fraternal annual statements.

(3) The Standard Valuation Law, as amended by the NAIC in 2009, or legislation including substantially similar terms and provisions, has been enacted by at least 42 of the following 55 jurisdictions: The 50 States of the United States,

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<sup>1</sup> 18 Del.C., Ch. 11, Subchapter III.

American Samoa, the American Virgin Islands, the District of Columbia, Guam, and Puerto Rico.”<sup>2</sup>

The valuation manual was adopted by the NAIC on December 2, 2012, with 43 members voting in the affirmative. This year, the number of states adopting principle-based valuation at the state level has also reached the specified majority. As of July 1, 2016, 46 states, including Delaware, have advised the NAIC that they have enacted laws substantially similar to the model SVL, including language using the same three triggers to define the operative date, and these states represent more than 85% of the applicable premium volume.

Accordingly, the operative date of the uniform valuation manual, for purposes of the Delaware Standard Valuation Law, is January 1, 2017.

Any questions, comments, or requests for clarification concerning information within this bulletin should be emailed to [berg@state.de.us](mailto:berg@state.de.us).

This Bulletin shall be effective immediately and shall remain in effect unless withdrawn or superseded by subsequent law, regulation or bulletin.



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**Karen Weldin Stewart, CIR-ML**  
**Delaware Insurance Commissioner**

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<sup>2</sup> 18 Del.C. §§1121(b)(1), (2) and (3).