

**§4134. Reports and valuations**

Reports shall be filed and synopses of annual statements shall be published in accordance with the provisions of this section. [PL 1969, c. 132, §1 (NEW).]

1. Every society transacting business in this State shall annually, on or before the first day of March, unless for cause shown such time has been extended by the superintendent, file with the superintendent a true statement of its financial condition, transactions and affairs for the preceding calendar year. The statement must be in general form and context as approved by the National Association of Insurance Commissioners for fraternal benefit societies and as supplemented by additional information required by the superintendent. The society shall also file quarterly statements in accordance with the National Association of Insurance Commissioners quarterly statement instructions for fraternal benefit societies, if applicable, and shall report material investment and reinsurance transactions consistent with section 423-C. If the society provides health care benefits, it shall file a health insurance supplement consistent with section 423-D. The fee for filing the annual statement is the same as for an insurer as provided in section 601. [PL 2017, c. 169, Pt. A, §8 (AMD).]

2. A synopsis of its annual statement providing an explanation of the facts concerning the condition of the society thereby disclosed shall be printed and mailed to each benefit member of the society not later than June 1 of each year, or, in lieu thereof, such synopsis may be published in the society's official publication. [PL 1969, c. 132, §1 (NEW).]

3. As a part of the annual statement herein required, each society shall, on or before the 1st day of March, file with the superintendent a valuation of its certificates in force on December 31 last preceding, except that the superintendent may, in the superintendent's discretion for cause shown, extend the time for filing such valuation for not more than 2 calendar months. Such report of valuation must show, as reserve liabilities, the difference between the present midyear value of the promised benefits provided in the certificates of such society in force and the present midyear value of the future net premiums as the same are in practice actually collected, not including therein any value for the right to make extra assessments and not including any amount by which the present midyear value of future net premiums exceeds the present midyear value of promised benefits on individual certificates. At the option of any society, in lieu of the above, the valuation may show the net tabular value. Such net tabular value as to certificates issued prior to one year after January 1, 1970 must be determined in accordance with the provisions of law applicable prior to January 1, 1970 and as to certificates issued on or after one year from January 1, 1970 may not be less than the reserves determined according to the superintendent's reserve valuation method as hereinafter defined. If the premium charged is less than the tabular net premium according to the basis of valuation used, an additional reserve equal to the present value of the deficiency in such premiums must be set up and maintained as a liability. The reserve liabilities must be properly adjusted in the event that the midyear or tabular values are not appropriate. [RR 2021, c. 1, Pt. B, §335 (COR).]

4. Reserves according to the superintendent's reserve valuation method for the life insurance and endowment benefits of certificates providing for a uniform amount of insurance and requiring the payment of uniform premiums must be the excess, if any, of the present value, at the date of valuation, of such future guaranteed benefits provided for by such certificates, over the then present value of any future modified net premiums therefor. The modified net premiums for any such certificate must be such uniform percentage of the respective contract premiums for such benefits that the present value, at the date of issue of the certificate, of all such modified net premiums is equal to the sum of the then present value of such benefits provided for by the certificate and the excess of A over B, as follows:

A. A net level premium equal to the present value, at the date of issue, of such benefits provided for after the first certificate year, divided by the present value, at the date of issue, of an annuity of one per annum payable on the first and each subsequent anniversary of such certificate on which a premium falls due; provided however that such net level annual premium may not exceed the net level annual premium on the 19-year premium whole life plan for insurance of the same amount at an age 1 year higher than the age at issue of such certificate; and [PL 2013, c. 588, Pt. A, §28 (AMD).]

B. A net one-year term premium for such benefits provided for in the first certificate year. [PL 2013, c. 588, Pt. A, §28 (AMD).]

Reserves according to the superintendent's reserve valuation method must be calculated by a method consistent with the principles of this subsection for life insurance benefits for varying amounts of benefits or requiring the payment of varying premiums; annuity and pure endowment benefits; disability and accidental death benefits in all certificates and contracts; and all other benefits except life insurance and endowment benefits.

[PL 2013, c. 588, Pt. A, §28 (AMD).]

5. The present value of deferred payments due under incurred claims or matured certificates shall be deemed a liability of the society and shall be computed upon mortality and interest standards prescribed in the following subsection.

[PL 1969, c. 132, §1 (NEW).]

6. Such valuation and underlying data must be certified by a competent actuary or, at the expense of the society, verified by the actuary of the department of insurance of the state of domicile of the society.

A. The minimum standards of valuation for certificates issued prior to January 1, 1970 must be those provided by the law applicable immediately prior to January 1, 1970 but not lower than the standards used in the calculating of rates for such certificates. [RR 2021, c. 1, Pt. B, §336 (COR).]

B. The minimum standard of valuation for certificates issued after January 1, 1970 must be such interest assumptions and tables as authorized for use by domestic life insurers or 3 1/2% interest and the following tables:

(1) For certificates of life insurance: American Men Ultimate Table of Mortality, with Bowerman's or Davis' extension thereof or with the consent of the superintendent, the Commissioners 1941 Standard Ordinary Mortality Table, the Commissioners 1941 Standard Industrial Mortality Table or the Commissioners 1958 Standard Ordinary Mortality Table, using actual age of the insured for male risks and an age more than 3 years younger than the actual age of the insured for female risks;

(2) For annuity and pure endowment certificates, excluding any disability and accidental death benefits in such certificates: The 1937 Standard Annuity Mortality Table or the Annuity Mortality Table for 1949, ultimate, or any modification of either of these tables approved by the superintendent;

(3) For total and permanent disability benefits in or supplementary to life insurance certificates: Hunter's Disability Table, or the class III disability table (1926) modified to conform to the contractual waiting period, or the tables of period 2 disablement rates and the 1930 to 1950 termination rates of the 1952 disability study of the Society of Actuaries with due regard to the type of benefit. Any such table must, for active lives, be combined with a mortality table permitted for calculating the reserves for life insurance certificates;

(4) For accidental death benefits in or supplementary to life insurance certificates: The Inter-company Double Indemnity Mortality Table or the 1959 Accidental Death Benefits Table.

Either table must be combined with a mortality table permitted for calculating the reserves for life insurance certificates; and

(5) For noncancellable accident and health benefits: The class III disability table (1926) with conference modifications or, with the consent of the superintendent, tables based upon the society's own experience. [RR 2021, c. 1, Pt. B, §336 (COR).]

The superintendent may, in the superintendent's discretion, accept other standards for valuation if the superintendent finds that the reserves produced thereby will not be less in the aggregate than reserves computed in accordance with the minimum valuation standard herein prescribed. The superintendent may, in the superintendent's discretion, vary the standards of mortality applicable to all certificates of insurance on substandard lives or other extra hazardous lives by any society authorized to do business in this State. Whenever the mortality experience under all certificates valued on the same mortality table is in excess of the expected mortality according to such table for a period of 3 consecutive years, the superintendent may require additional reserves when considered necessary in the superintendent's judgment on account of such certificates.

Any society, with the consent of the insurance supervisory officer of the state of domicile of the society and under such conditions, if any, that the insurance supervisory officer may impose, may establish and maintain reserves on its certificates in excess of the reserves required thereunder, but the contractual rights of any insured member are not affected thereby.

[RR 2021, c. 1, Pt. B, §336 (COR).]

7. A society neglecting to file the annual or quarterly statement in the form and within the time provided by this section shall forfeit \$100 for each day during which such neglect continues, and, upon notice by the superintendent to that effect, its authority to do business in this State ceases while such default continues.

[PL 2017, c. 169, Pt. A, §9 (AMD).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). PL 1973, c. 625, §§156-158 (AMD). PL 1987, c. 606, §2 (AMD). PL 1997, c. 592, §70 (AMD). PL 2013, c. 588, Pt. A, §28 (AMD). PL 2017, c. 169, Pt. A, §§8, 9 (AMD). RR 2021, c. 1, Pt. B, §§335, 336 (COR).

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