

STATE OF NEW MEXICO

OFFICE OF SUPERINTENDENT OF INSURANCE

SUPERINTENDENT OF INSURANCE
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DEPUTY SUPERINTENDENT
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BULLETIN 2022-015

AUGUST 29, 2022

TO: ALL AUTHORIZED INSURERS

RE: TERM AND UNIVERSAL LIFE INSURANCE RESERVE FINANCING

The purpose of this Bulletin is to clarify the reporting of certain reserve financing transactions specific to term and universal life insurance reserve financing and the applicability of Actuarial Guideline 48 as set forth in the Accounting Practices and Procedures Manual and Valuation Manual of the National Association of Insurance Commissioners (NAIC), and as more specifically described below. This Bulletin is issued in accordance with Sections 59A-2-8 and 59A-2-10 NMSA 1978, and with 13.1.2.9 NMAC.

Effective January 1, 2015, and amended January 1, 2017, the NAIC's Accounting Practices and Procedures Manual has included, in Appendix C to that Manual, an actuarial guideline titled *Actuarial Guideline XLVIII – Actuarial Opinion and Memorandum Requirements for the Reinsurance of Policies Required to be Valued under Sections 6 and 7 of the NAIC Valuation of Life Insurance Policies Model Regulation (Model #830)*. That guideline is referenced in this Bulletin as “Actuarial Guideline 48” or as “AG48.” The New Mexico Office of Superintendent of Insurance (OSI) has previously adopted AG48, and OSI will continue to use AG48 in reviewing reserve financing transactions associated with term and universal life insurance reserve financing.

As an accreditation standard effective January 1, 2023, the NAIC has adopted NAIC Model Regulation #787, the *Term and Universal Life Insurance Reserve Financing Model Regulation*. That model regulation “establishes 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.”

NAIC Model Laws, Regulations, Guidelines and Other Resources—Summer 2022, Table of Contents, p. 17.

The OSI expects all authorized insurers to report all reserve financing arrangements pertaining to life insurance policies containing guaranteed nonlevel gross premiums, guaranteed nonlevel benefits and universal life insurance policies with secondary guarantees in a manner consistent with AG48 and NAIC Model Regulation #787. Reporting must be consistent with the Credit for Reinsurance Act, Sections [59A-12E-1](#) to [59A-12E-18](#) NMSA 1978 (2022); the New Mexico Administrative Code (NMAC), Title 13, Ch. 2, Part 8, CREDIT FOR REINSURANCE; and Title 13, Ch. 9, Part 13 NMAC, VALUATION OF LIFE INSURANCE POLICIES, and all other applicable laws and rules.

The reporting required in accordance with this Bulletin applies to all financial reporting on term and universal life insurance reserve financing, whether submitted pursuant to NMSA 1978, § 59A-5-29 (annual statements) or for any other purpose.

Current links to AG48 and NAIC MO787 are provided below.

AG48

https://content.naic.org/sites/default/files/inline-files/committees_ex_pbr_implementation_tf_related_actuarial_guideline_ag48.pdf

NAIC MO787

<https://content.naic.org/sites/default/files/MO787.pdf>

Please direct any questions regarding this bulletin to Patrick Zeller, NMOSI Chief Examiner, at (505) 396-1510, or via e-mail at Patrick1.Zeller@state.nm.us.

ISSUED this 29th day of August, 2022.



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