

11 NCAC 12 .1211 ACTUARIAL DISCLOSURE AND RESERVES

(a) Actuarial Memorandum. A qualified actuary shall describe the accelerated benefits, the risks, the expected costs and the calculation of statutory reserves in an actuarial memorandum accompanying each filing with the Commissioner. The insurer shall maintain in its files descriptions of the bases and procedures used to calculate benefits payable under these provisions. These descriptions shall be made available for examination by the Commissioner or a designee upon request.

(b) Reserves:

- (1) When benefits are provided through the acceleration of benefits under group or individual life policies or riders to such policies, policy reserves shall be determined in accordance with G.S. 58-58-50. All valuation assumptions used in constructing the reserves shall be determined as appropriate for statutory valuation purposes by a member in good standing of the American Academy of Actuaries. Mortality tables and interest rates currently recognized for life insurance reserves by the NAIC may be used as well as appropriate assumptions for the other provisions incorporated in the policy form. The actuary must follow both actuarial standards and certification for good and sufficient reserves. Reserves in the aggregate should be sufficient to cover:
 - (A) Policies upon which no claim has yet arisen.
 - (B) Policies upon which an accelerated claim has arisen.
- (2) For policies and certificates that provide actuarially equivalent benefits, no additional reserves need to be established.
- (3) Policy liens and policy loans, including accrued interest, represent assets of the insurer for statutory reporting purposes. For any policy on which the policy lien exceeds the policy's statutory reserve liability such excess must be held as a non-admitted asset.

History Note: *Authority G.S. 58-2-40; 58-3-150; 58-7-15(1); 58-58-1;*
Eff. March 1, 1992;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 1,
2018.