



Illinois Department of Insurance

BRUCE RAUNER
Governor

JENNIFER HAMMER
Director

TO: Chief Actuaries of Life/Accident and Health Insurance Companies and Fraternal Organizations Licensed in Illinois

FROM: Jennifer Hammer, Director of Insurance

DATE: January 4, 2018

**RE: Company Bulletin 2018-01
Comments Concerning:**

- **Financial Reporting**
- **Health Insurance Reporting**
- **LTC Rate Filings**
- **Valuation Manual**

Financial Reporting

1. Any insurer required to prepare an actuarial opinion pursuant to 50 Ill. Adm. Code 1410, "Modified Guaranteed Annuity (MGA) Contracts", shall annually conduct separate cash flow testing on the MGA reserves. For Illinois domestic insurers, a copy of the MGA opinion shall be attached to each copy of the reserve actuarial opinion submitted with the annual statement. Illinois domestic insurers shall also prepare and submit a separate Regulator Asset Adequacy Issues Summary (RAAIS) covering only the MGA testing. The separate MGA RAAIS shall be submitted along with the RAAIS covering aggregate asset adequacy testing. See Item 3 of this bulletin for filing instructions for the RAAIS. A separate actuarial memorandum is not required.
2. Any Illinois domestic company using the 2001 CSO Preferred Class Structure Table and required to submit an actuarial certification pursuant to 50 Ill. Adm. Code 1413.40 (a) or (b) shall annually submit the certification with the annual statement.

The Department is not yet requiring insurers to submit statistical reports as described in 50 Ill. Adm. Code 1413.40 (c).

3. Pursuant to VM-30, Illinois domestic companies shall submit a Regulatory Asset Adequacy Issues Summary (RAAIS) that summarizes the memorandum required per 215 ILCS 5/223(1a)(A)(9). The RAAIS should be submitted directly to:

Ms. Christina Roy
Illinois Department of Insurance
320 West Washington
Springfield, Illinois 62767-0001

4. Any Illinois domestic company required to submit an actuarial memorandum pursuant to Section 8D of Actuarial Guideline XXXVIII, shall submit the memorandum, no later than April 30th, directly to:

Ms. Christina Roy
Illinois Department of Insurance
320 West Washington
Springfield, Illinois 62767-0001

5. For all Credit Life rate filings that do not file prima facie rates and for all Credit Accident and Health rate filings, an actuarial memorandum is required to be submitted. Experience exhibits are also required to be filed with all Credit Accident and Health rate filings to demonstrate compliance with the 50% loss ratio requirement in 50 Ill. Adm. Code 1052.

For additional information, please contact Ms. Christina Roy at Christina.Roy@illinois.gov.

Health Insurance Reporting

6. Effective May 31, 2017, 50 Ill. Adm. Code 2004 was amended to incorporate the August 29, 2016, NAIC Valuation Manual for policies issued and claims incurred on or after January 1, 2017. Provisions for all policies and claims incurred prior to January 1, 2017, remain unchanged.
7. Companies that write small group health insurance in Illinois are required to submit by May 15 of each year a certification of compliance with the Small Employer Health Insurance Rating Act. 50 Ill. Adm. Code 3801 is the rule to be followed in completing the certification. All certifications shall be submitted through SERFF. For further information please contact Mr. Eric Anderson at Eric.Anderson@illinois.gov.
8. Companies writing Medicare Supplement insurance in Illinois are required by 50

Ill. Adm. Code 2008.80(b) to submit Medicare Supplement refund calculations. The calculations are due on May 31 of each year. All calculations shall be submitted through SERFF as **Other-Informational filings**. For additional information please contact Ms. Christina Roy at Christina.Roy@illinois.gov.

LTC Rate Filings

9. To demonstrate compliance with 50 Ill. Adm. Code 2012.62, please include policyholder notification letters with LTC premium increase filings. The Department is also requesting that LTC premium increase filings comply with the sections of the Senior Issues Task Force Model Bulletin (Aug 9, 2013) entitled “Requirement to Administer Contingent Benefit Upon Lapse,” “Policyholder Notification of Premium Increase,” and “Application of New Loss Ratio Standards.” For purposes of demonstration of compliance with minimum loss ratio standards after a proposed rate increase, the future projected incurred claims are to be calculated on a best-estimate basis in accordance with 215 ILCS 5/351A-11, 50 Ill. Adm. Code 2012.110 and 50 Ill. Adm. Code 2012.112(c)(2).

Valuation Manual

10. As noted in Company Bulletin 2016-06, the operative date of the Valuation Manual is 1/1/2017. The “Actuarial Opinion and Reporting Requirements” section of the Valuation Manual states, “The requirements in VM-30 are applicable to all annual statements with a year-ending date on or after the operative date of the Valuation Manual.” This means the requirements in VM-30 will be effective for the year-end 2017 regardless of whether a company implements principle-based reserving. Illinois domestics do not need to file a request for the Companywide Exemption as described in the Valuation Manual during the initial three-year transition period. Any Illinois domestics that are planning to implement principle-based reserving in 2018 should contact Mr. Vincent Tsang, FSA, MAAA at Vincent.Tsang@illinois.gov.
11. Please refer to this bulletin in future years unless and until another bulletin is posted. Any future bulletins that pertain to year-end issues are expected to be posted on or around November 30th.