

# MEMORANDUM

**TO:** All Florida Domestic Life and Health Insurance Companies  
**FROM:** Kerry Krantz, Valuation Actuary  
**DATE:** December 31, 2008  
**SUBJECT:** Certificate Of Valuation - Florida Domestic Companies

Each life insurance company domiciled in this state shall annually submit the material described below so that a review of its life insurance and annuity reserves may be performed and a Certificate of Valuation issued.

Each submission should be accompanied by the following:

1. A transmittal letter indicating the number of certificates required, along with a check for the certification fee of \$5.00 per copy, payable to the "Florida Department of Financial Services", with a notation indicating "Fee for Certificates of Valuation".
2. A completed Summary Exhibit.
3. An indication as to whether or not workpapers should be returned. (If you request that we return the workpapers, please provide an account number for the courier of your choice, i.e., FedEx, UPS, etc.).
4. Designation of a contact person who will be available to answer technical questions regarding the filing.

The following specific items in support of the company's life insurance and annuity reserves should accompany each filing.

1. Complete detailed reserve valuation listings showing the calculation of reserves for each plan/age/year of issue group (or seriatim) on hard copy or in an electronic format acceptable to the Office of Insurance Regulation (microfiche is not acceptable). For information on transmitting your data in an electronic format, my telephone number is (850) 413-5038. This information must be provided for all lines of business included in Exhibit 5A-Life Insurance and Exhibit 5B-Annuities. At the company's option, other parts of Exhibit 5 may be included in the Certificate of Valuation as long as adequate documentation is submitted.
2. A key or detailed list of all plan codes included in the reserve listing showing plan code, plan name, mortality and interest bases, and reserve method, in sufficient detail such that reserve factors can be reproduced. The plan name must be specific as to premium and benefit characteristics; if the plan has modified premiums or benefits, the modifications must be specifically described. Likewise, any reserve methods which are special modifications of the usual methods must be explained. Mortality basis descriptions should specify whether the values are Age Near Birthday or Age Last Birthday.
3. For interest-sensitive life products, credit life, single premium deferred annuities, and flexible premium deferred annuities, a general description of the reserve calculation methodology along with (1) specific examples of the reserve calculation for individual policies and contracts, and (2) copies of the pages from which totals were taken for each plan or valuation category. A roll-forward of account balances from December 31, 2007 to December 31, 2008. The report will include all relevant transactions during the year that affect the fund balances including premiums, interest, surrenders, loans, expense charges

and fees, mortality charges (COI), and funds released by death. Separate reports will be required for each major segment. A Certificate of Valuation will not be issued unless the required roll forward report is submitted.

4. Reconciliation of totals by plan or grouping as shown on the detailed listing to the supporting workpapers and ultimately to the final Exhibit 5 figures. **The Office of Insurance Regulation will not accept the valuation performed by the company unless the LIFE INSURANCE and ANNUITIES sections of exhibit 5 and the reconciliation follow the column 1 instructions on pages 94 and 95 of the 2008 NAIC Quarterly and Annual Statement Instructions.**
5. An explanation of the method used to determine reinsurance credit, if applicable. Companies should provide the requested information to the Office on or before May 31, 2009, or request an extension on or before March 31, 2009.
6. A reconciliation of the insurance in force shown in the valuation listing with corresponding figures in the Exhibit of Life Insurance.
7. Companies with Variable Annuities with Guaranteed Living Benefits should describe compliance with NAIC Actuarial Guideline 39.

KERRY KRANTZ  
ACTUARY • FLORIDA OFFICE OF INSURANCE REGULATION • LIFE & HEALTH FINANCIAL OVERSIGHT  
200 EAST GAINES STREET • TALLAHASSEE, FLORIDA 32399-0327  
TEL (850) 413-5038 • FAX (850)488-7061 • EMAIL KERRY.KRANTZ@FLOIR.COM