

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

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BULLETIN 94-11

NOTICE OF ALASKA ACTUARIAL MEMORANDUM REQUIREMENTS

According to Alaska Statute 21.18.110(n), all life or health insurers with new or renewal premium in Alaska in 1993 greater than zero, must file actuarial opinions that "include an assessment as to whether the reserves and related actuarial items held in support of the policies and contracts, **when considered in light of the assets** held by an insurer with respect to the reserves and related actuarial items, including investment earnings on the assets and considerations anticipated to be received and retained under policies and contracts, make adequate provision for an insurer's obligations under a policy or contract including the benefits under and expenses associated with a policy or contract" (emphasis added) This statute also requires that a qualified actuary "include a memorandum, in form and substance acceptable to the director..." Note that this statute differs from the NAIC model standard valuation law in significant ways. The Alaska statute does not allow companies an exemption from filing a memorandum. The statute also requires that a memorandum be filed every year, not just upon request. And, the director does **not** have the authority to exempt companies from considering assets in forming an opinion and filing memorandums.

To clear up confusion on this matter, the following actions are required by all life insurers doing business in Alaska:

1. If a memorandum has been prepared for your company, but not yet filed, send a copy of the memorandum to the Alaska Division of Insurance no later than 12/31/94.
2. If you have already sent a copy of the memorandum to the Alaska Division of Insurance, send a letter indicating that it has been sent and the date it was sent.
3. If a memorandum has not been prepared for your company, your company must submit to the Alaska Division of Insurance a brief report explaining how assets were considered in the development of the actuarial opinion. Assets must be considered to the extent outlined in the Actuarial Standards of Practice as promulgated by the Actuarial Standards Board.

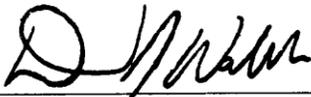
In preparing this report, it is not always necessary to perform an asset adequacy analysis as detailed in the NAIC model regulation. Rather, the report should explain the extent that assets were considered in forming the actuarial opinion and the reasons an asset adequacy analysis was not considered necessary or appropriate in forming the actuarial opinion. The report must be submitted to the Division of Insurance no later than 12/31/94 to the address indicated below.

Note that these requirements also apply to the 1994 statements of actuarial opinions. Send all correspondence to:

Director-Alaska Division of Insurance
Actuarial Opinion and Memorandum
P.O. Box 110805
Juneau AK 99811-0805

If you have questions regarding this requirement, please contact Katie Campbell or Barbara Thurston at (907) 465-2515. If they are not available, contact Gloria Glover at (907) 349-1230.

DATE: November 14, 1994

A handwritten signature in black ink, appearing to read 'D. Walsh', written over a horizontal line.

David J. Walsh, Director
Division of Insurance