WEST VIRGINIA CODE: §33-23-32

§33-23-32. Reports and synopses of annual statements; valuations.

In addition to the annual statement required by section fourteen, article four of this chapter, reports shall be filed and synopses of annual statements shall be published in accordance with the provisions of this section as follows:

- (a) A synopsis of its annual statement providing an explanation of the facts concerning the condition of the society thereby disclosed shall be printed and mailed to each benefit member of the society not later than June 1 of each year, or, in lieu thereof, such synopsis may be published in the society's official publication.
- (b) As a part of the annual statement required of each society, it shall, on or before March 1, file with the commissioner a valuation of its certificates in force on December thirty-first last preceding: Provided, That the commissioner may, in his discretion for cause shown, extend the time for filing such valuation for not more than two calendar months. Such report of valuation shall show, as reserve liabilities, the differences between the present midyear value of the promised benefits provided in the certificates of such society in force and the present midyear value of the future net premiums as the same are in practice actually collected, not including therein any value for the right to make extra assessments and not including any amount by which the present midyear value of future net premiums exceeds the present midyear value of promised benefits on individual certificates. At the option of any society, in lieu of the above, the valuation may show the net tabular value. Such net tabular value as to certificates issued prior to one year after the effective date of this article shall be determined in accordance with the provisions of law applicable prior to the effective date of this article and as to certificates issued on or after one year from the effective date of this article shall not be less than the reserves determined according to the commissioner's reserve valuation method as hereinafter defined. If the premium charged is less than the tabular net premium according to the basis of valuation used, an additional reserve equal to the present value of the deficiency in such premiums shall be set up and maintained as a liability. The reserve liabilities shall be properly adjusted in the event that the midyear or tabular values are not appropriate.
- (c) Reserves according to the commissioner's reserve valuation method for the life insurance and endowment benefits of certificates providing for a uniform amount of insurance and requiring the payment of uniform premiums shall be the excess, if any, of the present value, at the date of valuation, of such future guaranteed benefits provided for by such certificates, over the then present value of any future modified net premiums therefor. The modified net premiums for any such certificate shall be such uniform percentage of the respective contract premiums for such benefits that the present value, at the date of issue of the certificate, of all such modified net premiums shall be equal to the sum of the then present value of such benefits provided for by the certificate and the excess of (1) over (2), as follows:

- (1) A net level premium equal to the present value, at the date of issue, of such benefits provided for after the first certificate year, divided by the present value, at the date of issue, of an annuity of one per annum payable on the first and each subsequent anniversary of such certificate on which a premium falls due: Provided, however, That such net level annual premium shall not exceed the net level annual premium on the nineteen-year premium whole life plan for insurance of the same amount at an age one year higher than the age at issue of such certificate; and
- (2) A net one-year term premium for such benefits provided for in the first certificate year.
- (d) Reserves according to the commissioner's reserve valuation method for (1) life insurance benefits for varying amounts of benefits or requiring the payment of varying premiums, (2) annuity and pure endowment benefits, (3) disability and accidental death benefits in all certificates and contracts, and (4) all other benefits except life insurance and endowment benefits, shall be calculated by a method consistent with the principles of subdivision (c) of this section.
- (e) The present value of deferred payments due under incurred claims or matured certificates shall be deemed a liability of the society and shall be computed upon mortality and interest standards prescribed in the following subdivision.
- (f) Such valuation and underlying data shall be certified by a competent actuary or, at the expense of the society, verified by the actuary of the department of insurance of the state of domicile of the society.
- (g) The minimum standards of valuation for certificates issued prior to one year from the effective date of this article shall be those provided by the law applicable immediately prior to the effective date of this article but not lower than the standards used in the calculating of rates for such certificates.
- (h) The minimum standard of valuation for certificates issued after one year from the effective date of this article shall be three and one-half percent interest and the following tables:
- (1) For certificates of life insurance -- American Men Ultimate Table of Mortality, with Bowerman's or Davis' Extension thereof or with the consent of the commissioner, the Commissioners 1941 Standard Ordinary Mortality Table or the Commissioners 1941 Standard Industrial Table of Mortality;
- (2) For annuity certificates, including life annuities provided or available under optional modes of settlement in such certificates -- the 1937 Standard Annuity Table;
- (3) For disability benefits issued in connection with life benefit certificates -- Hunter's Disability Table, which for active lives shall be combined with a mortality table permitted for calculating the reserves on life insurance certificates, except that the table known as Class

- III Disability Table (1926), modified to conform to the contractual waiting period, shall be used in computing reserves for disability benefits under a contract which presumes that total disability shall be considered to be permanent after a specified period;
- (4) For accidental death benefits issued in connection with life benefit certificates -- the Inter-Company Double Indemnity Mortality Table combined with a mortality table permitted for calculating the reserves for life insurance certificates; and
- (5) For noncancelable accident and sickness benefits -- the Class III Disability Table (1926) with conference modifications or, with the consent of the commissioner, tables based upon the society's own experience: Provided, That any society may value its certificates in accordance with valuation standards authorized by the laws of this state for the valuation of policies issued by life insurance companies.
- (i) The commissioner may, in his discretion, accept other standards for valuation if he finds that the reserves produced thereby will not be less in the aggregate than reserves computed in accordance with the minimum valuation standard herein prescribed. The commissioner may, in his discretion, vary the standards of mortality applicable to all certificates of insurance on substandard lives or other extra hazardous lives by any society authorized to do business in this state. Whenever the mortality experience under all certificates valued on the same mortality table is in excess of the expected mortality according to such table for a period of three consecutive years, the commissioner may require additional reserves when deemed necessary in his judgment on account of such certificates.
- (j) Any society, with the consent of the insurance supervisory official of the state of domicile of the society and under such conditions, if any, which he may impose, may establish and maintain reserves on its certificates in excess of the reserves required thereunder, but the contractual rights of any insured member shall not be affected thereby.