


Government of the District of Columbia  
Office of the Chief Financial Officer



Jeffrey S. DeWitt  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeffrey S. DeWitt  
Chief Financial Officer 

**DATE:** November 28, 2018

**SUBJECT:** Fiscal Impact Statement – Principal-Based Reserves Amendment Act of 2018

**REFERENCE:** Bill 22-276, Committee Markup Circulated November 20, 2018

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**Conclusion**

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill.

**Background**

The bill updates the District's regulation of life insurance companies<sup>1</sup> to incorporate standards required in the National Association of Insurance Commissioners (NAIC) Principle-Based Reserving Valuation Manual. NAIC revised the manual on January 1, 2017 and will incorporate it into its accreditation standard as of January 1, 2020. The bill allows the Commissioner of the Department of Insurance, Securities and Banking (DISB) to require life insurance companies to use the valuation standards incorporated in the manual when calculating and reporting their reserves in their financial statements. It also allows the Commissioner to share and receive confidential information for enforcement purposes.

**Financial Plan Impact**

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. There are currently no life insurance companies domiciled in the District, so DISB relies on the financial examinations performed by the regulator of the jurisdiction where the company is domiciled. The bill allows the District to conform to uniform regulatory standards if an applicable insurer moves into the District and allows DISB to maintain its accreditation with NAIC.

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<sup>1</sup> By amending The Life Insurance Act of 1934, approved June 19, 1934 (48 Stat. 1129; D.C. Official Code § 31-4701 et seq.), and Section 2 of the Life Insurance Actuarial Opinion of Reserves Act of 1993, effective October 21, 1993 (D.C. Law 10-50; D.C. Official Code § 31-4901).