



|| SENATE OF PENNSYLVANIA BILL SUMMARY

House Bill 1766 Printer's No. 2945

Prime Sponsor: Pickett
Committee: Banking and Insurance

SYNOPSIS:

Amends Title 40 (Insurance) providing for standard valuation; and making related repeals.

SUMMARY:

Allows future life insurance policy reserves to be calculated based on Principle-Based Reserving (PBR). Currently, life insurance companies are required to use a one-size fits all formulaic approach that requires some companies to reserve too much and others to reserve too little. PBR replaces the current formulaic approach to determining policy reserves with an approach that more closely reflects the risks of the highly complex products.

This legislation is based on a National Association of Insurance Commissioners (NAIC) model act that has been adopted by 39 states. To ensure consistency nationwide, 42 states must adopt PBR before it takes effect.

Effective Date: 30 days

BILL HISTORY:

Amended in the House Insurance Committee with a technical amendment adding clarity to the applicability of the valuation manual for the small company exemption.

Prepared by: Logue 5/17/2016