

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 FREMONT STREET
SAN FRANCISCO, CA 94105**

**Bulletin No. 2016-4
May 9, 2016**

PRINCIPLE-BASED RESERVING ASSESSMENT FOR FISCAL YEAR (FY) 2015-16

TO: All Insurance Companies Licensed to Sell Life Insurance Products in California

SUBJECT: Annual Aggregate Assessment Amount Pursuant to Insurance Code Section 10489.992(b)(4)

California Senate Bill (SB) 696 (Chapter 658, Statutes of 2015) added California Insurance Code Section 10489.992 effective January 1, 2016. Section 10489.992(b)(1) authorizes the California Insurance Commissioner to annually assess each life insurance company, based on the company's gross annual life insurance premium written in California in the immediately preceding year, to defray costs incurred by the California Department of Insurance to implement principle-based reserving valuation. The annual aggregate assessment for all companies must, under Section 10489.992(b)(2), be at least \$1,000,000.

The Department set the annual aggregate assessment for FY 2015-16 at \$1,000,000. The Department issued a Notice on February 3, 2016, to "All Insurance Companies Licensed to Sell Life Insurance Products in California," informing them of the Department's intent to finalize this assessment and the assessment tiers shown in the below table.

The Notice further informed insurers that the initial "tiers" included in Section 10489.992(b)(4) used 2013 premium and market share data, and if those tiers were used for the FY 2015-16 assessment, the Department would derive approximately \$1.2 million. The notice explained that the actual tiers the Department would be using (shown below) were adjusted to reflect 2014 rather than 2013 premium and market share data, and the assessment per company for each tier was lowered to result in an assessment of \$1.0 million instead of \$1.2 million.

The Notice invited insurers and other interested persons to comment on the proposed assessment and tier table by March 24, 2016. The Department received no comments.

Having received no objection to the proposed assessment previously noticed by the deadline for comments stated therein, by this Bulletin the Commissioner adopts an aggregate annual assessment for FY 2015-16 of \$1.0 million in accordance with Insurance Code Section 10489.992(b)(4), and also adopts the assessment tiers shown in the below table.

Insurer's 2014 Annual Premium	Initial Annual Assessment Per Company
\$500,000,001 +	\$64,000
\$400,000,001-\$500,000,000	\$43,000
\$300,000,001-\$400,000,000	\$34,000
\$200,000,001-\$300,000,000	\$26,000
\$150,000,001-\$200,000,000	\$17,000
\$100,000,001-\$150,000,000	\$9,000
\$50,000,001-\$100,000,000	\$4,000

The Department will invoice companies for FY 2015-16 based on this final tier table.

Please contact Julia Cross, Chief, Financial Management Division at (916) 492-3264 or Julia.cross@insurance.ca.gov should you have any questions concerning this assessment.