

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

**Bulletin No. 2016-08
December 21, 2016**

PRINCIPLE-BASED RESERVING ASSESSMENT FOR FISCAL YEAR (FY) 2016-17

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 issued a Notice on October 1, 2016, to "All Insurance Companies Licensed to Sell Life Insurance Products in California," informing them of the Department's intent to set the annual aggregate assessment for FY 2016-17 at \$1,000,000 and adopt the assessment tiers shown in the table below.

Insurer's 2015 Annual Premium	Annual Assessment Per Company
\$500,000,001 +	\$61,730
\$400,000,001-\$500,000,000	\$41,150
\$300,000,001-\$400,000,000	\$32,950
\$200,000,001-\$300,000,000	\$24,690
\$150,000,001-\$200,000,000	\$16,450
\$100,000,001-\$150,000,000	\$8,250
\$50,000,001-\$100,000,000	\$4,115
\$0-\$50,000,000	\$0

The October Notice indicated 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 2016-17 assessment, the Department would collect approximately \$1,200,000. As a result, the tiers) were adjusted to reflect 2015 premium and market share data and should result in an assessment of \$1,000,000.

The Department received no objection to the proposed assessment previously noticed and therefore adopts an aggregate annual assessment for FY 2016-17 of \$1,000,000 in accordance with Insurance Code Section 10489.992(b)(4), and also adopts the assessment tiers shown in the table above. The Department will invoice companies for FY 2016-17 based on this final tier table.

For questions regarding the calculation of the assessment please contact Crista Hill at Crista.Hill@insurance.ca.gov or (916) 492-3390. For billing related questions, please contact the Accounting Services Bureau at arbilling@insurance.ca.gov or (916) 492-3242.