

DEPARTMENT OF INSURANCE

ADMINISTRATION & LICENSING SERVICES BRANCH
 BUDGET AND REVENUE MANAGEMENT BUREAU
 300 CAPITOL MALL, 16TH FLOOR
 SACRAMENTO, CA 95814
www.insurance.ca.gov

**NOTICE**

October 1, 2016

All Insurance Companies Licensed to Sell Life Insurance Products in California

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

Senate Bill (SB) 696 (Chapter 658, Statutes of 2015) added Insurance Code Section 10489.992 effective January 1, 2016. Section 10489.992(b)(1) authorizes the 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 the Department's costs 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 California Department of Insurance has set the annual aggregate assessment for FY 2016-17 at \$1,000,000. In accordance with Section 10489.992(b)(3), the Department is notifying insurers of its intent to finalize this assessment and the assessment tiers shown below:

| Insurer's 2015 Annual Premium | Initial 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 |

The initial tiers included in Section 10489.992(b)(4) used 2013 premium and market share data, and would have resulted in an assessment of approximately \$1,200,000. The actual tiers the Department is using, as shown above, have been adjusted to reflect 2015 premium and market share data. The assessment per company for each tier is lower than the assessment amount listed in SB 696, and should result in an assessment of \$1,000,000.

Persons who would like comment on the assessment and tier table must do so no later than November 15, 2016. Comments should be sent to:

Susan Bernard, Deputy Commissioner, Financial Surveillance Branch
 California Department of Insurance
 45 Fremont Street, 23rd Floor
 San Francisco, CA 94105-2279

Once the assessment has been finalized, the Department will issue a bulletin formally establishing the annual aggregate assessment and the above tiers. The Department will then invoice companies accordingly based on the final tier table. This will likely occur beginning on or shortly after December 30, 2016.

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.