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# MINNESOTA ACTUARIAL REVIEW CRITERIA, LIFE INSURANCE

## I. Actuarial Review Criteria

### A. Approval Required - Signed Actuarial Memorandum Required With Policy Filing

**Minn. Stat. Chapter §61A.02, subd. 2** In making a determination under this section, the commissioner may require the insurer to provide rates and advertising materials related to policies or contracts, certificates, or similar evidence of coverage issued or delivered in this state.

We require an actuarial memorandum to be included as a part of the filing. The following requirements apply to this memorandum:

1. It must be signed by a qualified actuary.
2. It must contain a demonstration of compliance with the Standard Nonforfeiture Law.
3. It must contain a description of the reserving methodology.
4. When secondary guarantees are present, it must address the nonforfeiture laws and reserving consideration for such guarantees.

### B. Indexed Life Policies

The actuarial memorandum for indexed life policies must be signed by a qualified actuary and contain the following elements:

1. a description of the parameters and the mechanics of these contracts, including the application of the crediting rate formula;
2. a detailed description of the actuarial guideline 36 reserving methodology and valuation basis, including the application of any other applicable actuarial guidelines. Or, if actuarial guideline 36 is not followed, an explanation why and a statement comparing the reserving methodology to be used by the company with the methodologies included in this actuarial guideline;

3. a demonstration of account values, cash surrender values and formula reserves (with consideration of Actuarial Guideline 36) for a sample contract. All assumptions, formulas, etc... needed to verify the values should be specified.

### **C. Filings of Index Products Should Include or Reflect the Following Elements:**

1. If applicable, specification of the initial participation rate and the minimum and maximum participation rates on the contract schedule page.
2. If applicable, specification of the initial index spread and the minimum and maximum index spread on the contract schedule page.
3. If applicable, specification of the averaging period and the indexing period on the contract schedule page.
4. Limited variability of contract parameters. The index, minimums, and maximums are generally fixed items. Requests for variability should be supported by separate statements on variability showing the range of variation of any variable language and/or items.
5. Copies of any illustration materials that demonstrate contract values using hypothetical increases and decreases in the index.
6. A copy of the disclosure statement, a form that the policyholder signs certifying that he/she understands the key features of the contract.
7. An example of the annual report provided to the policyholder.