
DIGEST

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HB 576 Engrossed

2021 Regular Session

Frieman

Abstract: Provides for qualification standards of property and casualty independent actuaries and provides for valuation manual standards used to value reserves for insurers.

Present law requires property and casualty insurers who apply for a certificate of authority to include a three-year agreement with an independent qualified actuary who is a member of the American Academy of Actuaries or the Casualty Actuarial Society and in good standing and who provides and certifies an annual actuarial reserves analysis.

Proposed law changes the requirement of the independent qualified actuary from one who is a member of the American Academy of Actuaries or the Casualty Actuarial Society to an independent qualified actuary as defined in the National Association of Insurance Commissioners Quarterly and Annual Statement Instructions.

Present law requires foreign life insurers and fraternal orders to submit a valuation certificate issued by their domiciliary state before August 1 of the year following the year of valuation.

Proposed law retains present law but changes the certificate from one issued by the insurer's domiciliary state to one issued by the proper authority of any state or jurisdiction when the valuation complies with the minimum standards provided in proposed law.

Proposed law sets forth what requirements the valuation manual should meet, including specifying the following minimum valuation standards:

- (1) The commissioner's reserve valuation method for life insurance contracts.
- (2) The commissioner's annuity reserve valuation method for life insurance contracts.
- (3) Minimum reserves for all other policies or contracts.

Proposed law also requires the valuation manual to state the policies or contracts that are subject to the requirements of principle-based valuation.

Proposed law requires, when contracts are subject to a principle-based valuation, that the valuation manual specify the required format for reports to the commissioner and to policies, that assumptions are required to for risks not within the company's control, and corporate oversight and governance procedures.

Proposed law requires any accident and health insurance contracts issued by an insurance company to use the minimum standard prescribed in the valuation manual pursuant to present law. Proposed law further requires any health and accident issued on or after July 1, 1948, to use the minimum standard valuation adopted by the commissioner.

Proposed law makes technical and organizational changes.

(Amends R.S. 22:65(11)(a), 550.21(3), 751(A)(2)(a)(i), and 753(C)(1) and (4)-(6) and (D)-(J); Adds R.S. 22:753(K)-(M) and 782; Repeals R.S. 22:753(C)(7))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Make technical changes.