

2016 Regular Session

HOUSE BILL NO. 1038

BY REPRESENTATIVE ANDERS

INSURANCE/LIFE: Provides relative to valuation of life insurance reserves

1 AN ACT

2 To enact R.S. 22:753.1 and to repeal R.S. 22:753(C)(8), relative to exemptions from
3 principle-based reserves for life insurance; to provide with respect to an exemption
4 for single-state life insurers domiciled in this state; to provide for the repeal of the
5 exemption for domestic life insurers upon approval of the commissioner of
6 insurance; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 22:753.1 is hereby enacted to read as follows:

9 §753.1. Single-state exemption

10 A. The commissioner may exempt specific product forms or product lines
11 of a domestic company that is authorized and doing business only in this state from
12 the requirements of R.S. 22:753(C) provided both of the following occur:

13 (1) The commissioner has issued an exemption in writing to the company
14 and has not subsequently revoked the exemption in writing.

15 (2) The company computes reserves using assumptions and methods used
16 prior to the operative date of the valuation in addition to any requirements
17 established by the commissioner and promulgated by regulation.

18 B. For any company granted an exemption pursuant to this Section, the
19 provisions of R.S. 22:752 and 753 shall apply with the exception of R.S. 22:753(C).

20 With respect to any company applying this exemption to its reserves, any reference
21 to R.S. 22:753(C) found in R.S. 22:752 or 753 shall not apply.

1 Section 2. R.S. 22:753(C)(8) is hereby repealed in its entirety.

2 Section 3. This Act shall become effective upon signature by the governor or, if not
3 signed by the governor, upon expiration of the time for bills to become law without signature
4 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
5 vetoed by the governor and subsequently approved by the legislature, this Act shall become
6 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 1038 Engrossed

2016 Regular Session

Anders

Abstract: Provides relative to valuation methods used to calculate reserves for life insurers.

Present law provides that the current method for calculation of life insurer reserves is based on a statutory formula in present law. Further provides, however, for a change to the method of calculation of life insurer reserves to principle-based reserves based on a Standard Valuation Manual to be adopted by the National Association of Insurance Commissioners (NAIC) upon the adoption of the present NAIC Standard Valuation Model Law by 42 states having 75% of the life insurance premium of the United States.

Present law allows a domestic insurer to apply to the commissioner of insurance for an exemption from the Standard Valuation Manual so that the insurer may continue to use the statutory reserve formula for the entire company or for specific product forms or lines.

Proposed law repeals the present process and authority for the commissioner of insurance to exempt a domestic insurer from the requirements of the Standard Valuation Manual.

Proposed law adopts the single-state exemption from the NAIC Standard Valuation Model Law, which permits the commissioner to exempt from the requirements of the Standard Valuation Manual a domestic insurer or certain types of policies of a domestic insurer that only does business in Louisiana. Specifically authorizes the commissioner to exempt specific product forms or product lines of such a company if both of the following occur:

- (1) The commissioner has issued a written exemption to the company that has not been revoked.
- (2) The company computes reserves using assumptions and methods used prior to the operative date of the valuation in addition to any requirements established by the commissioner and promulgated by regulation.

Proposed law further specifies that domestic insurers granted the exemption pursuant to proposed law shall continue to follow all other provisions of present law that govern actuarial opinions and calculation of life insurance reserves. Specifies which provisions of present law do not apply to a company applying the exemption to its reserves.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 22:753.1; Repeals R.S. 22:753(C)(8))

Summary of Amendments Adopted by House

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

1. Specify which provisions of present law do not apply to a company applying the exemption to its reserves.