

SENATE SUMMARY OF HOUSE AMENDMENTS

SB 104

2016 Regular Session

John Smith

KEYWORD AND SUMMARY AS RETURNED TO THE SENATE

INSURANCE COMMISSIONER. Provides for reinsurance credits for certain health, life, and annuity products. (8/1/16)

SUMMARY OF HOUSE AMENDMENTS TO THE SENATE BILL

1. Technical amendments.

DIGEST OF THE SENATE BILL AS RETURNED TO THE SENATE

DIGEST

SB 104 Engrossed

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Present law provides for credit for reinsurance ceded by domestic insurers in accordance with the National Association of Insurance Commissioners (NAIC) Model Credit for Reinsurance Law.

Proposed law retains these provisions and adds provisions recently added to the NAIC Model Credit for Reinsurance Law.

Proposed law authorizes the commissioner of insurance to adopt specific additional requirements relating to or setting forth the valuation of assets or reserve credits; the amount and forms of security supporting reinsurance arrangements; or the circumstances pursuant to which the credit will be reduced or eliminated.

Present law provides for the commissioner of insurance to promulgate rules and regulations in accordance with the Administrative Procedure Act. Proposed law retains these provisions and further authorizes the commissioner to adopt rules and regulations applicable to the following reinsurance arrangements:

- (1) An adopted regulation may apply only to reinsurance relating to any or all of the following:
 - (a) Life insurance policies with guaranteed nonlevel gross premiums or guaranteed nonlevel benefits.
 - (b) Universal life insurance policies with provisions resulting in the ability of a policyholder to keep a policy in force over a secondary guarantee period.
 - (c) Variable annuities with guaranteed death or living benefits.
 - (d) Long-term care insurance policies.
 - (e) Such other life and health insurance and annuity products as to which the NAIC adopts model regulatory requirements with respect to credit for reinsurance.
- (2) Proposed law further provides that these regulations may apply to any treaty containing policies issued on or after January 1, 2015, or policies issued prior to January 1, 2015, if risk pertaining to such pre-2015 policies is ceded in connection with the treaty, in whole or in part, on or after January 1, 2015.

Proposed law provides that these regulations may require the ceding insurer, in making certain calculations, to use the Valuation Manual adopted by NAIC.

Proposed law prohibits regulations that apply to any cession to an assuming insurer if the assuming insurer meets any of the following criteria:

- (1) Is certified in this state or in a minimum of five other states.
- (2) Maintains at least \$250 million in capital and surplus determined under certain NAIC procedures and is either:
 - (a) Licensed in at least 26 states.
 - (b) Licensed at least ten states and licensed or accredited in a total of at least 35 states.

Specifies that regulations adopted pursuant to proposed law do not limit the commissioner's general authority to adopt regulations under present law.

Effective August 1, 2016.

(Amends R.S. 22:651(A), 652, and 661)

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