

## RÉSUMÉ DIGEST

**ACT 199 (SB 104)**

**2016 Regular Session**

**John Smith**

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

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

New 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.

Prior law provided for the commissioner of insurance to promulgate rules and regulations in accordance with the Administrative Procedure Act. New 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) New 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.

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

New 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 in at least 10 states and licensed or accredited in a total of at least 35 states.

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

Effective August 1, 2016.

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