

RÉSUMÉ DIGEST

ACT 316 (HB 1038)

2016 Regular Session

Anders

Existing law provides that the current method for calculation of life insurer reserves is based on a statutory formula in existing 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.

Prior law allowed 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.

New 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.

New 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 La. 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- (1) The commissioner has issued a written exemption to the company that has not been revoked.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 manual in addition to any requirements established by the commissioner and promulgated by regulation.

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

Effective upon signature of governor (June 2, 2016).

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