

HOUSE SUMMARY OF SENATE AMENDMENTS

HB 682

2020 Regular Session

Frieman

INSURANCE: Provides relative to reserves for insurers

Synopsis of Senate Amendments

1. Adds a provision of law regarding business interruption insurance which requires every policy of insurance which covers business interruption delivered or issued for delivery in this state on and after January 1, 2021, to include a notice of all exclusions on a form prescribed by the commissioner of insurance and requires the form to be provided by the insurer and signed by the named insured or his legal representative.
2. Adds a provision of law that requires the signed form to be conclusively presumed to become a part of the policy or contract and creates a rebuttable presumption that the insured knowingly contracted for coverage with the stated exclusions.
3. Adds a provision of law regarding the applicability of the provisions relative to business interruption insurance which requires these provisions to apply to any property insurance covering any business interruption that occurs in La. and involves a La. business.

Digest of Bill as Finally Passed by Senate

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 Aug. 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 insurance contracts issued on or after July 1, 1948, to use the minimum standard valuation adopted by the commissioner.

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Proposed law requires every policy of insurance covering business interruption delivered or issued for delivery in this state on and after January 1, 2021, to include a notice of all exclusions on a form prescribed by the commissioner of insurance. Requires the form to be provided by the insurer and signed by the named insured or his legal representative.

Proposed law provides that the signed form shall be conclusively presumed to become a part of the policy or contract and creates a rebuttable presumption that the insured knowingly contracted for coverage with the stated exclusions.

Proposed law applies to any property insurance covering any business interruption that occurs in La. and involves a La. business.

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) through (6), and (D) through (J); Adds R.S. 22:753(K) through (M), 782, and 1272; Repeals R.S. 22:753(C)(7))