

## RÉSUMÉ DIGEST

ACT 370 (HB 576)

2021 Regular Session

Frieman

Prior law required property and casualty insurers who applied for a certificate of authority to include a three-year agreement with an independent qualified actuary who was a member in good standing with the American Academy of Actuaries or the Casualty Actuarial Society and who provided and certified an annual actuarial reserves analysis.

New law changes the requirement of the independent qualified actuary from one who is a member in good standing 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.

Prior law required the person certifying the reserves for captive insurers licensed in La. to be a fellow of the Casualty Actuarial Society and a member in good standing of the American Academy of Actuaries.

New law repeals prior law and requires the person certifying the reserves for captive insurers licensed in La. to be a qualified actuary as defined in the National Association of Insurance Commissioners Quarterly and Annual Statement Instructions.

Prior law required foreign life insurers and fraternal orders to submit a valuation certificate issued by their domiciliary state before August 1 of the year following the valuation.

New law retains prior law but changes the party issuing the valuation from the insurer's domiciliary state to the insurance supervisory official of any state or jurisdiction when the valuation complies with the minimum standards provided in new law.

New 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.

New law requires the valuation manual to state the policies or contracts that are subject to the requirements of principle-based valuation and the minimum valuation standards consistent with those requirements.

New law provides that if contracts are subject to a principle-based valuation, the valuation manual shall specify the format for reports to the commissioner, include the assumptions that are required for risks not within the company's control, and include the procedures for corporate oversight and governance of the actuarial function.

New law provides that the valuation manual shall specify other requirements including those relating to reserve methods, models for measuring risk, generation of economic scenarios, assumptions, margins, use of company experience, risk measurement, disclosure, certifications, reports, actuarial opinions, transition rules, and internal controls.

New law provides that the valuation manual shall specify the data and form required for policies in force on or after the operative date of the manual, with whom the data shall be submitted, and may specify other requirements.

New law requires accident and health insurance contracts issued on or after the operative date of the valuation manual to use the minimum standard prescribed therein.

New law requires health and accident contracts issued on or after July 1, 1948, but prior to the operative date of the valuation manual to use the minimum standard of valuation adopted by the commissioner.

Prior law provided that for policies issued on or after the operative date of the valuation manual, the commissioner may require a company to change any assumption or method that in the opinion of the commissioner is necessary to comply with the requirements of the valuation manual, and the company shall adjust the reserves as required by the commissioner.

New law repeals prior law.

New law makes technical changes.

Effective August 1, 2021.

(Amends R.S. 22:65(11)(a), 550.21(3), 751(A)(2)(a)(i), and 753(C)(1) and (4)-(6) and (D)-(J); Adds R.S. 22:753(K)-(M) and 782; Repeals R.S. 22:753(C)(7))