
The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Cheryl Horne.

DIGEST

Present law requires the commissioner to annually value, or cause to be valued, the reserve liabilities of all outstanding life insurance contracts, annuity and pure endowment contracts, accident and health contracts, and deposit-type contracts of every company. Provides that the valuation method is rule and formula-based.

Proposed law requires the valuation method to be principles-based in accordance with a valuation manual approved by the National Association of Insurance Commissioners (NAIC) for all policies issued on or after January 1, 2015.

Present law sets standards for actuarial opinions of reserves.

Proposed law retains present law and requires every company with outstanding life insurance contracts, accident and health insurance contracts, or deposit-type contracts to annually submit the opinion of the appointed actuary as to whether the reserves are computed appropriately, are based on assumptions that satisfy contractual provisions, are consistent with prior reported amounts, and comply with the laws of the state. Requires that each opinion of the appointed actuary meet specified requirements.

Present law provides for the determination of minimum reserves through a system of rules and formulas.

Proposed law retains present law and provides for principle-based reserve valuations for policies after January 1, 2015. Provides for alternative methods of valuation for policies not subject to principle-based valuation pursuant to the valuation manual. Provides for submission of mortality, morbidity, policyholder behavior, or expense experience and other data as prescribed by the valuation manual for all policies in force on or after January 1, 2015.

Present law permits ordinary life mortality tables, adopted after 1980 by the NAIC that are approved by the commissioner for use in determining the minimum nonforfeiture standard to be substituted for the Commissioner's 1980 Standard Ordinary Mortality Table with or without Ten-Year Select Mortality Factors or for the Commissioner's 1980 Extended Term Insurance Table.

Proposed law retains present law and provides that if the commissioner approves by regulation any commissioners' standard ordinary mortality table adopted by the NAIC for use in determining the minimum nonforfeiture standard for policies issued on or after January 1, 2015, then that minimum nonforfeiture standard supersedes the minimum nonforfeiture standard provided by the valuation manual for all policies issued on or after January 1, 2015.

Effective January 1, 2015.

(Amends R.S. 22:753(C) and 936(G)(8)(f) and (g) and (9) and to enact R.S. 22:751(G), 752(E) and (F), 753(D), (E), and (F), and 936(G)(8)(h) and (i))