

SENATE COMMITTEE AMENDMENTS

Amendments proposed by Senate Committee on Insurance to Original Senate Bill No. 101 by Senator Johns

1 AMENDMENT NO. 1

2 On page 1, delete lines 2 and 3 and insert:

3 "To amend and reenact R.S. 22:752(A) and (D)(introductory paragraph), 753(B) and (C),
4 and 936(G)(8)(f) and (g) and (9), and R.S. 44:4.1(B)(11), and to enact R.S. 22:752(E) and
5 (F), 753(D), (E), (F), (G), (H), (I), and (J), and 936(G)(8)(h) and (i) and (J)(7), relative"

6 AMENDMENT NO. 2

7 On page 1, delete lines 8 and 9 and at the beginning of line 10 delete "(i)" and insert:

8 "Section 1. R.S. 22:752(A) and (D)(introductory paragraph), 753(B) and (C), and
9 936(G)(8)(f) and (g) and (9) are hereby amended and reenacted and R.S. 22:752(E) and (F),
10 753(D), (E), (F), (G), (H), (I), and (J), and 936(G)(8)(h) and (i) and (J)(7)"

11 AMENDMENT NO. 3

12 On page 1, delete lines 11 through 17 and on page 2 delete lines 1 through 15 and insert:

13 " §752. Actuarial opinion reserves
14 A. ~~Each~~ **Prior to the operative date of the valuation manual, each** life
15 insurance company doing business in this state shall annually submit the opinion of
16 a qualified actuary as to whether the reserves and related actuarial items held in
17 support of the policies and contracts specified by the commissioner by regulation are
18 computed appropriately, are based on assumptions which satisfy contractual
19 provisions, are consistent with prior reported amounts, and comply with applicable
20 laws of this state. The commissioner by regulation shall define the specifics of this
21 opinion and add any other items deemed to be necessary in its scope.

22 * * *

23 D. Each opinion **required by Subsections A and B of this Section** shall be
24 governed by the following provisions:

25 * * *"

26 AMENDMENT NO. 4

27 On page 2, at the beginning of line 16 delete "**Every**" and insert in lieu thereof:

28 "**On and after the operative date of the valuation manual, every**"

29 AMENDMENT NO. 5

30 On page 2, line 19, delete "**the opinion and memorandum**" and insert in lieu thereof "**an**
31 **opinion**"

32 AMENDMENT NO. 6

33 On page 2, line 24, delete "**and memorandum**"

34 AMENDMENT NO. 7

35 On page 3, at the end of line 20, delete "**January**" and on line 21, delete "**1, 2015**" and insert
36 in lieu thereof "**the operative date of the valuation manual**"

1 AMENDMENT NO. 8

2 On page 4, delete lines 13 through 16 in their entirety and in lieu thereof insert:

3 **"B. For policies and contracts issued prior to the operative date of the**
 4 **valuation manual:**

5 (1) Except as otherwise provided in Paragraphs (2) and (3) of this Subsection, the
 6 minimum standard for the valuation of all other policies and contracts shall be the
 7 commissioner's reserve valuation methods defined in Paragraphs (4), (5), and (8) of this
 8 Subsection, five percent interest for group annuity and pure endowment contracts, four
 9 percent interest for all other such policies and contracts, and four and one-half percent
 10 interest for policies and contracts, other than annuities and pure endowment contracts, issued
 11 on or after September 7, 1979, and the following tables:

12 (a) For all ordinary policies of life insurance issued on the standard basis, excluding
 13 any disability and accidental death benefits in such policies: the Commissioners 1941
 14 Standard Ordinary Mortality Table for such policies issued prior to September 7, 1979, the
 15 Commissioners 1958 Standard Ordinary Mortality Table for such policies issued on or after
 16 September 7, 1979, and prior to January 1, 1989; provided that for any category of such
 17 policies issued on female risks, all modified net premiums and present values referred to in
 18 this Section may be calculated according to an age not more than six years younger than the
 19 actual age of the insured; and for such policies issued on or after January 1, 1989, the
 20 Commissioners 1980 Standard Ordinary Mortality Table, or, at the election of the insurer
 21 for any one or more specified plans of life insurance, the Commissioners 1980 Standard
 22 Ordinary Mortality Table with Ten-Year Select Mortality Factors, or any ordinary mortality
 23 table adopted after 1980, by the National Association of Insurance Commissioners that is
 24 approved by the commissioner.

25 (b) For all new industrial life insurance policies issued on the standard basis,
 26 excluding any disability and accidental death benefits in such policies: the 1941 Standard
 27 Industrial Mortality Table for such policies issued prior to September 7, 1979, and for such
 28 policies issued on or after such effective date the Commissioners 1961 Standard Industrial
 29 Mortality Table or any industrial mortality table adopted after 1980, by the National
 30 Association of Insurance Commissioners that is approved by the commissioner.

31 (c) For individual annuity and pure endowment contracts, excluding any disability
 32 and accidental death benefits in such policies: the 1937 Standard Annuity Mortality Table
 33 or, at the option of the insurer, the Annuity Mortality Table for 1949, Ultimate, or any
 34 modification of either of these tables approved by the commissioner.

35 (d) For group annuity and pure endowment contracts, excluding any disability and
 36 accidental death benefits in such policies: the Group Annuity Mortality Table for 1951, any
 37 modification of such table approved by the commissioner, or, at the option of the insurer,
 38 any of the tables or modifications of tables specified for individual annuity and pure
 39 endowment contracts.

40 (e) For total and permanent disability benefits in or supplementary to ordinary
 41 policies or contracts: for policies or contracts issued on or after January 1, 1966, the tables
 42 of Period 2 disablement rates and the 1930 to 1950 termination rates of the 1952 Disability
 43 Study of the Society of Actuaries, with due regard to the type of benefit or any tables of
 44 disablement rates and termination rates adopted on or after January 1, 1981, by the National
 45 Association of Insurance Commissioners that are approved by the commissioner; for policies
 46 or contracts issued on or after January 1, 1961, and prior to January 1, 1966, either such
 47 tables or, at the option of the insurer, the Class (3) Disability Table (1926); and for policies
 48 issued prior to January 1, 1961, the Class (3) Disability Table (1926). Any such table shall,
 49 for active lives, be combined with a mortality table authorized by this Subpart for calculating
 50 the reserves for life insurance policies.

51 (f) For accidental death benefits in or supplementary to policies: for policies issued
 52 on or after January 1, 1966, the 1959 Accidental Death Benefits Table or any accidental
 53 death benefits table adopted on or after January 1, 1981, by the National Association of
 54 Insurance Commissioners that is approved by the commissioner; for policies issued on or
 55 after January 1, 1961, and prior to January 1, 1966, either such table or, at the option of the
 56 insurer, the Inter-Company Double Indemnity Mortality Table; and for policies issued prior
 57 to January 1, 1961, the Inter-Company Double Indemnity Mortality Table. Either table shall
 58 be combined with a mortality table authorized by this Subpart for calculating the reserves
 59 for life insurance policies.

1 (g) For group life insurance, life insurance issued on the substandard basis and other
 2 special benefits: such tables as approved by the commissioner.

3 (2)(a) Except as provided in Paragraph (3) of this Subsection, the minimum standard
 4 for the valuation of all individual annuity and pure endowment contracts issued on or after
 5 September 7, 1979, and for all annuities and pure endowments purchased on or after such
 6 effective date under group annuity and pure endowment contracts shall be the
 7 Commissioner's reserve valuation methods defined in Paragraphs (4) and (5) of this
 8 Subsection and the following tables and interest rates:

9 (i) For individual annuity and pure endowment contracts issued prior to September
 10 7, 1979, excluding any disability and accidental death benefits in such contracts: the 1971
 11 Individual Annuity Mortality Table, or any modification of this table approved by the
 12 commissioner, and six percent interest for single premium immediate annuity contracts, and
 13 four percent interest for all other individual annuity and pure endowment contracts.

14 (ii) For individual single premium immediate annuity contracts issued on or after
 15 September 7, 1979, excluding any disability and accidental death benefits in such contracts:
 16 the 1971 Individual Annuity Mortality Table or any individual annuity mortality table
 17 adopted on or after January 1, 1981, by the National Association of Insurance
 18 Commissioners that is approved by the commissioner, or any modification of these tables
 19 approved by the commissioner, and seven and one-half percent interest.

20 (iii) For individual annuity and pure endowment contracts issued on or after
 21 September 7, 1979, other than single premium immediate annuity contracts, excluding any
 22 disability and accidental death benefits in such contracts: the 1971 Individual Annuity
 23 Mortality Table or any individual annuity mortality table adopted on or after January 1,
 24 1981, by the National Association of Insurance Commissioners that is approved by the
 25 commissioner, or any modification of these tables approved by the commissioner, and five
 26 and one-half percent interest for single premium deferred annuity and pure endowment
 27 contracts and four and one-half percent interest for all other such individual annuity and pure
 28 endowment contracts.

29 (iv) For all annuities and pure endowments purchased prior to September 7, 1979,
 30 under group annuity and pure endowment contracts, excluding any disability and accidental
 31 death benefits purchased under such contracts: the 1971 Group Annuity Mortality Table, or
 32 any modification of this table approved by the commissioner, and six percent interest.

33 (v) For all annuities and pure endowments purchased on or after September 7, 1979,
 34 under group annuity and pure endowment contracts, excluding any disability and accidental
 35 death benefits purchased under such contracts: the 1971 Group Annuity Mortality Table or
 36 any group annuity mortality table adopted on or after January 1, 1981, by the National
 37 Association of Insurance Commissioners that is approved by the commissioner, or any
 38 modification of these tables approved by the commissioner, and seven and one-half percent
 39 interest.

40 (b) Any insurer may file with the commissioner a written notice of its election to
 41 comply with the provisions of this Paragraph after a specified date before January 1, 1981,
 42 which shall be the effective date of this Paragraph for such insurer; provided, an insurer may
 43 elect a different effective date for individual annuity and pure endowment contracts from
 44 that elected for group annuity and pure endowment contracts. If an insurer makes no such
 45 election, the effective date of this Paragraph for such insurer shall be January 1, 1981.

46 (3)(a) The interest rates used in determining minimum standard for the valuation of
 47 the policies and contracts listed in Items (i), (ii), (iii), and (iv) of this Subparagraph shall be
 48 the calendar year statutory valuation interest rates, as defined in this Paragraph, or, at the
 49 option of the insurer, for any category of policies or contracts, the rate or rates of interest
 50 provided in Paragraph (1) or (2) of this Subsection.

51 (i) All life insurance policies issued in a particular calendar year, on or after January
 52 1, 1989.

53 (ii) All individual annuity and pure endowment contracts issued on or after January
 54 1, 1983.

55 (iii) All group annuities and pure endowments on or after January 1, 1983.

56 (iv) The net increase, if any, in a particular calendar year after January 1, 1983, in the
 57 amounts held under guaranteed interest contracts.

58 (b)(i) The calendar year statutory valuation interest rates shall be determined as
 59 follows, with the results rounded to the nearer one-quarter of one percent:

60 (aa) For life insurance: $I = .03 + W (R_1 - .03) + \underline{W} (R_2 - .09)$.

(bb) For single premium immediate annuities and for annuity benefits involving life contingencies arising from other annuities with cash settlement options and from guaranteed interest contracts with cash settlement options: $I = .03 + W (R - .03)$ where R_1 is the lesser of R and $.09$; R_2 is the greater of R and $.09$; R is the reference interest rate defined in Subparagraph (d) of this Paragraph; and W is the weighting factor defined in Subparagraph (c) of this Paragraph.

(cc) For other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, valued on an issue year basis, except as stated in Subitem (bb) of this Item, the formula for life insurance stated in Subitem (aa) of this Item shall apply to annuities and guaranteed interest contracts with guarantee durations in excess of ten years and the formula for single premium immediate annuities stated in Subitem (bb) of this Item shall apply to annuities and guaranteed interest contracts with guarantee duration of ten years or less.

(dd) For other annuities with no cash settlement options and for guaranteed interest contracts with no cash settlement options, the formula for single premium immediate annuities stated in Subitem (bb) of this Item shall apply.

(ee) For other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, valued on a change in fund basis, the formula for single premium immediate annuities stated in Subitem (bb) of this Item shall apply.

(ii) However, if the calendar year statutory valuation interest rate for any life insurance policies issued in any calendar year determined without reference to this Subparagraph differs from the corresponding actual rate for similar policies issued in the immediately preceding calendar year by less than one-half of one percent, the calendar year statutory valuation interest rate for such life insurance policies shall then be equal to the corresponding actual rate for the immediately preceding calendar year. For purposes of applying this Subparagraph, the calendar year statutory valuation interest rate for life insurance policies issued in a calendar year shall be determined for 1980, by using the reference interest rate defined for 1979, and shall be determined for each subsequent calendar year.

(iii) At the option of the insurer, calculation for life insurance policies issued in a particular calendar year may be made on the basis of a rate of interest not exceeding the statutory interest rate, as defined in this Subsection, for life insurance policies issued in the immediately preceding calendar year.

(c) The weighting factors referred to in the formulae stated in Subparagraph (b) of this Paragraph shall be as provided in the following tables:

(i) Weighting factors for life insurance:

Guarantee Duration in years	Weighting Factors
10 years or less	.50
More than 10, but not more than 20 years	.45
More than 20 years	.35

For life insurance, the guarantee duration is the maximum number of years the life insurance can remain in force on a basis guaranteed in the policy or under options to convert to plans of life insurance with premium rates or nonforfeiture values, or both, which are guaranteed in the original policy;

(ii) The weighting factor for single premium immediate annuities and for annuity benefits involving life contingencies arising from other annuities with cash settlement options and guaranteed interest contracts with cash settlement options is .80.

(iii) Weighting factors for other annuities and for guaranteed interest contracts, except as stated in Item (ii) of this Subparagraph, shall be as specified in Subitems (aa), (bb), and (cc) of this Item according to the provisions in Subitems (dd), (ee), and (ff) of this Item:

(aa) For annuities and guaranteed interest contracts valued on an issue year basis:

Guarantee <u>Duration in Years</u>	Weighting Factor for Plan Type		
	<u>A</u>	<u>B</u>	<u>C</u>
5 years or less:	.80	.60	.50
More than 5 years, but not more than 10 years:	.75	.60	.50
More than 10 years, but not more than 20 years:	.65	.50	.45
More than 20 years:	.45	.35	.35
(bb)		Plan Type	
	<u>A</u>	<u>B</u>	<u>C</u>

1	For annuities and guaranteed interest contracts valued			
2	on a change in fund basis, the factors shown in (a) above			
3	increased by:	.15	.25	.05
4	(cc)			Plan Type
5		<u>A</u>	<u>B</u>	<u>C</u>

6 For annuities and guaranteed interest contracts valued on
7 an issue year basis, other than those with no cash settlement
8 options, which do not guarantee interest on considerations
9 received more than one year after issue or purchase and for
10 annuities and guaranteed interest contracts valued on a change
11 in fund basis which do not guarantee interest rates on
12 considerations received more than twelve months beyond
13 the valuation date, the factors shown in Subitem (aa) or derived
14 in Subitem (bb) increased by: .05 .05 .05

15 (dd) For other annuities with cash settlement options and guaranteed interest
16 contracts with cash settlement options, the guarantee duration is the number of years for
17 which the contract guarantees interest rates in excess of the calendar year statutory valuation
18 interest rate for life insurance policies with guarantee duration in excess of twenty years. For
19 other annuities with no cash settlement options and for guaranteed interest contracts with no
20 cash settlement options, the guarantee duration is the number of years from the date of issue
21 or date of purchase to the date annuity benefits are scheduled to commence.

22 (ee) The plan type as used in the above tables is defined as follows:

23 Plan Type A: At any time the policyholder may withdraw funds only with an adjustment
24 to reflect changes in interest rates or asset values since receipt of the funds
25 by the insurer, or without such adjustment but in installments over five years
26 or more, or as an immediate life annuity, or no withdrawal as permitted.

27 Plan Type B: Before expiration of the interest rate guarantee, the
28 policyholder may withdraw funds only with an adjustment to
29 reflect changes in interest rates or asset values since receipt
30 of the funds by the insurer, or without such adjustment but in
31 installments over five years or more, or no withdrawal is
32 permitted. At the end of the interest rate guarantee, funds may
33 be withdrawn without such adjustment in a single sum or
34 installments over less than five years.

35 Plan Type C: The policyholder may withdraw funds before expiration of
36 the interest rate guarantee in a single sum or installments over
37 less than five years either without adjustment to reflect
38 changes in the interest rates or asset values since receipt of
39 the funds by the insurer, or subject only to a fixed surrender
40 charge stipulated in the contract as a percentage of the fund.

41 (ff) An insurer may elect to value guaranteed interest contracts with cash settlement
42 options and annuities with cash settlement options on either an issue year basis or on a
43 change in fund basis. Guaranteed interest contracts with no cash settlement options and other
44 annuities with no cash settlement options shall be valued on an issue year basis. As used in
45 this Paragraph, an issue year basis of valuation refers to a valuation basis under which the
46 interest rate used to determine the minimum valuation standard for the entire duration of the
47 annuity or guaranteed interest contract is the calendar year valuation interest rate for the year
48 of issue or year of purchase of the annuity or guaranteed interest contract, and the change
49 in fund basis of valuation refers to a valuation basis under which the interest rate used to
50 determine the minimum valuation standard applicable to each change in the fund held under
51 the annuity or guaranteed interest contract is the calendar year valuation interest rate for the
52 year of the change in the fund.

53 (d) The reference interest rate referred to in Subparagraph (b) of this Paragraph shall
54 be defined as follows:

55 (i) For all life insurance, the lesser of the average over a period of thirty-six months
56 and the average over a period of twelve months, ending on June thirtieth of the calendar year
57 next preceding the year of issue, of the Monthly Average of the Composite Yield on
58 Seasoned Bonds, as published by Moody's Investors Service, Inc.

59 (ii) For a single premium immediate annuity and for annuity benefits involving life
60 contingencies arising from other annuities with cash settlement options and guaranteed
61 interest contracts with cash settlement options, the average over a period of twelve months,

1 ending on June thirtieth of the calendar year of issue or year of purchase, of the Monthly
2 Average of the Composite Yield on Seasoned Bonds, as published by Moody's Investors
3 Service, Inc.

4 (iii) For other annuities with cash settlement options and guaranteed interest contracts
5 with cash settlement options, valued on a year of issue basis, except as stated in Subitem
6 (c)(iii)(bb) of this Paragraph with guarantee duration in excess of ten years, the lesser of the
7 average over a period of twelve months, ending on June thirtieth of the calendar year of issue
8 or purchase, of the Monthly Average of the Composite Yield on Seasoned Bonds, as
9 published by Moody's Investors Service, Inc.

10 (iv) For other annuities with cash settlement options and guaranteed interest contracts
11 with cash settlement options valued on a year of issue basis, except as stated in Item (ii) of
12 this Subparagraph, with guarantee duration of ten years or less, the average over a period of
13 twelve months, ending on June thirtieth of the calendar year of issue or purchase, of the
14 Monthly Average of the Composite Yield on Seasoned Bonds, as published by Moody's
15 Investors Service, Inc.

16 (v) For other annuities with no cash settlement options and for guaranteed interest
17 contracts with no cash settlement options, the average over a period of twelve months,
18 ending on June thirtieth of the calendar year of issue or purchase, of the Monthly Average
19 of the Composite Yield on Seasoned Bonds as published by Moody's Investors Service, Inc.

20 (vi) For other annuities with cash settlement options and guaranteed interest contracts
21 with cash settlement options, valued on a change in fund basis, except as stated in (ii) above,
22 the average over a period of twelve months, ending on June thirtieth of the calendar year of
23 the change in the fund, of the Monthly Average of the Composite Yield on Seasoned Bonds
24 as published by Moody's Investors Service, Inc.

25 (e) In the event that the Monthly Average of the Composite Yield on Seasoned Bonds
26 is no longer published by Moody's Investors Service, Inc., or in the event that the National
27 Association of Insurance Commissioners determines that the Monthly Average of the
28 Composite Yield on Seasoned Bonds as published by Moody's Investors Service, Inc. is no
29 longer appropriate for the determination of the reference interest rate, then an alternative
30 method for determination of the reference interest rate, which is adopted by the National
31 Association of Insurance Commissioners and approved by the commissioner, shall be
32 substituted.

33 (4)(a) Except as otherwise provided in Paragraphs (5), (6), and (8) of this Subsection,
34 reserves according to the Commissioner's Reserve Valuation Method for the life insurance
35 and endowment benefits of policies providing for a uniform amount of insurance and
36 requiring the payment of uniform premiums, shall be the excess, if any, of the present value
37 at the date of valuation of such future guaranteed benefits provided for by such policies, over
38 the then present value of any future modified net premiums therefor. The modified net
39 premiums for any such policy shall be the uniform percentage of the respective contract
40 premiums, excluding extra premiums on substandard policies, for such benefits that, at the
41 date of issue of the policy, the present value of all modified net premiums shall be equal to
42 the sum of the then present value of such benefits provided for by the policy and the excess
43 of Item (i) of this Subparagraph over Item (ii) of this Subparagraph as follows:

44 (i) A net level annual premium equal to the present value at the date of issue of such
45 benefits provided for after the first policy year, divided by the present value at the date of
46 issue of an annuity of one per annum payable on the first and each subsequent anniversary
47 of such policy on which a premium falls due; provided however, that such net level annual
48 premium shall not exceed the net level annual premium on the nineteen year premium whole
49 life plan for insurance of the same amount at an age one year higher than the age at issue of
50 such policy.

51 (ii) A net one year term premium for such benefits provided for in the first policy
52 year.

53 (b) Any life insurance policy issued on or after January 1, 1986, for which the
54 contract premium in the first policy year exceeds that of the second year and for which no
55 comparable additional benefit is provided in the first year for such excess and which
56 provides an endowment benefit or a cash surrender value, or a combination thereof, in an
57 amount greater than such excess premium, the reserve according to the Commissioner's
58 Reserve Valuation Method as of any policy anniversary occurring on or before the assumed
59 ending date defined herein as the first policy anniversary on which the sum of any
60 endowment benefit and any cash surrender value then available is greater than such excess
61 premium shall, except as otherwise provided in Paragraph (8) of this Subsection be the

1 greater of the reserve as of such policy anniversary calculated as described in Subparagraph
 2 (a) of this Paragraph and the reserve as of such policy anniversary calculated as described
 3 in that Subparagraph, but with the value defined in that Subparagraph being reduced by
 4 fifteen percent of the amount of such excess first year premium, all present values of benefits
 5 and premiums being determined without reference to premiums or benefits provided for by
 6 the policy after the assumed ending date, the policy being assumed to mature on such date
 7 as an endowment, and the cash surrender value provided on such date being considered as
 8 an endowment benefit. In making the above comparison the mortality and interest bases
 9 stated in Paragraphs (1) and (3) of this Subsection shall be used.

10 (c) Reserves according to the Commissioner's Reserve Valuation Method for life
 11 insurance policies providing for a varying amount of insurance or requiring the payment of
 12 varying premiums shall be calculated by a method consistent with the principles of this
 13 Paragraph. Reserves for group annuity and pure endowment contracts purchased under a
 14 retirement plan or plan of deferred compensation, established or maintained by an employer,
 15 including a partnership or sole proprietorship, or by an employee organization, or by both,
 16 other than a plan providing individual retirement accounts or individual retirement annuities
 17 under Section 408 of the Internal Revenue Code, as now or hereafter amended; disability and
 18 accidental death benefits in all policies and contracts; and all other benefits, except life
 19 insurance and endowment benefits in life insurance policies and benefits provided by all
 20 other annuity and pure endowment contracts, shall be calculated by a method consistent with
 21 the benefits granted and approved by the commissioner.

22 (5)(a) This Section shall apply to all annuity and pure endowment contracts other
 23 than group annuity and pure endowment contracts purchased under a retirement plan or plan
 24 of deferred compensation, established or maintained by an employer (including a partnership
 25 or sole proprietorship) or by an employee organization, or by both, other than a plan
 26 providing individual retirement accounts or individual retirement annuities under Section
 27 408 of the Internal Revenue Code, as now or hereafter amended.

28 (b) Reserves according to the commissioner's annuity reserve method for benefits
 29 under annuity or pure endowment contracts, excluding any disability and accidental death
 30 benefits in such contracts shall be the greatest of the respective excesses of the present
 31 values, at the date of valuation, of the future guaranteed benefits, including guaranteed
 32 nonforfeiture benefits, provided for by such contracts at the end of each respective contract
 33 year, over the present value, at the date of valuation, of any future valuation considerations
 34 derived from future gross considerations, required by the terms of such contract, that become
 35 payable prior to the end of such respective contract year. The future guaranteed benefits shall
 36 be determined by using the mortality table, if any, and the interest rate, or rates, specified
 37 in such contracts for determining guaranteed benefits. The valuation considerations are the
 38 portions of the respective gross considerations applied under the terms of such contracts to
 39 determine nonforfeiture values.

40 (6)(a) An insurer's aggregate reserves for all life insurance policies, excluding
 41 disability and accidental death benefits, shall in no event be less than the aggregate reserves
 42 calculated in accordance with the methods set forth in Paragraphs (4), (5), (8), and (10) of
 43 this Subsection and the mortality table or tables, and rate or rates of interest used in
 44 calculating nonforfeiture benefits for such policies.

45 (b) In no event shall the aggregate reserves for all policies, contracts, and benefits
 46 be less than the aggregate reserves determined to be necessary to render the opinion required
 47 in R.S. 22:752.

48 (c) The commissioner of insurance shall promulgate a regulation containing the
 49 minimum standards applicable to the valuation of health and accident plans.

50 (7) Reserves for any category of policies, contracts, or benefits may be calculated at
 51 the option of the insurer according to any standards which produce greater aggregate
 52 reserves for such category than those calculated according to the minimum standard herein
 53 provided, but the rate or rates of interest used for policies and contracts, other than annuity
 54 and pure endowment contracts, shall not be higher but may be lower than the corresponding
 55 rate or rates of interest used in calculating any nonforfeiture benefits provided for therein.

56 (8)(a) If in any contract year the gross premium charged by any life insurer on any
 57 policy or contract is less than the valuation net premium for the policy or contract calculated
 58 by the method used in calculating the reserve thereon but using the minimum valuation
 59 standards of mortality and rate of interest, the minimum reserve required for such policy or
 60 contract shall be the greater of either the reserve calculated according to the mortality table,
 61 rate of interest, and method actually used for such policy or contract, or the reserve

1 calculated by the method actually used for such policy or contract but using the minimum
 2 valuation standards of mortality and rate of interest and replacing the valuation net premium
 3 by the actual gross premium in each contract year for which the valuation net premium
 4 exceeds the actual gross premium. The minimum valuation standards of mortality and rate
 5 of interest referred to in this Paragraph are those standards stated in Paragraphs (1) and (3)
 6 of this Subsection.

7 (b) Any life insurance policy issued on or after January 1, 1986, for which the gross
 8 premium in the first policy year exceeds that of the second year and for which no
 9 comparable additional benefit is provided in the first year for such excess and which
 10 provides an endowment benefit or a cash surrender value or a combination thereof in an
 11 amount greater than such excess premium, the foregoing provisions of this Paragraph (8) of
 12 this Subsection shall be applied as if the method actually used in calculating the reserve for
 13 such policy were the method described in Paragraph (4) of this Subsection, ignoring
 14 Subparagraph (b) of that Paragraph. The minimum reserve at each policy anniversary of such
 15 a policy shall be the greater of the minimum reserve calculated in accordance with Paragraph
 16 (4) of this Subsection, including Subparagraph (b) of that Paragraph, and the minimum
 17 reserve calculated in accordance with this Paragraph (8) of this Subsection.

18 (9) Nothing in this Subsection shall apply to any policy issued by any insurer subject
 19 to the provisions of Subparts D and E of Part I of this Chapter, R.S. 22:131 et seq. and R.S.
 20 22:141 et seq., unless such insurer elects to comply with the standard non-forfeiture law.

21 (10) In the case of any plan of life insurance which provides for future premium
 22 determination, the amounts of which are to be determined by the insurer based on then
 23 estimates of future experience, or in the case of any plan of life insurance or annuity which
 24 is of such a nature that the minimum reserves cannot be determined by the methods
 25 described in Paragraphs (4), (5), and (8) of this Subsection, the reserves which are held under
 26 any such plan shall be appropriate in relation to the benefits and the pattern of premiums for
 27 that plan, and shall be computed by a method which is consistent with the principles of this
 28 Section as determined by the commissioner.

29 **C. For policies issued on or after the operative date of the valuation manual:**

30 **(1) The standard prescribed in the valuation manual is the minimum standard**
 31 **of valuation required under R.S. 22:751(A), except as provided under Paragraph (5)**
 32 **or (7) of this Subsection.**

33 **(2) The operative date of the valuation manual is January 1 of the first calendar**
 34 **year following the first July 1 as of which all of the following have occurred:**

35 **(a) The valuation manual has been adopted by the NAIC by an affirmative**
 36 **vote of at least forty-two members, or three-fourths of the members voting,**
 37 **whichever is greater.**

38 **(b) The Standard Valuation Law, as amended by the NAIC in 2009, or**
 39 **legislation including substantially similar terms and provisions, has been enacted by**
 40 **states representing greater than seventy-five per cent of the direct premiums written**
 41 **as reported in the following annual statements submitted for 2008: life, accident and**
 42 **health annual statements; health annual statements; or fraternal annual statements.**

43 **(c) The Standard Valuation Law, as amended by the NAIC in 2009, or**
 44 **legislation including substantially similar terms and provisions, has been enacted by**
 45 **at least forty-two of the fifty-five NAIC member jurisdictions.**

46 **(3) Unless a change in the valuation manual specifies a later effective date,**
 47 **changes to the valuation manual shall be effective on January 1 following the date when**
 48 **the change to the valuation manual has been adopted by the NAIC by an affirmative**
 49 **vote representing:**

50 **(a) At least three-fourths of the members of the NAIC voting, but not less than**
 51 **a majority of the total membership.**

52 **(b) Members of the NAIC representing jurisdictions totaling greater than**
 53 **seventy-five per cent of the direct premiums written as reported in the following annual**
 54 **statements most recently available prior to the vote in Paragraph (2)(a) of this**
 55 **Subsection: life, accident and health annual statements, health annual statements, or**
 56 **fraternal annual statements."**

57 AMENDMENT NO. 9

58 On page 4, line 17, delete "(2)" and insert "(4)"

1 AMENDMENT NO. 10

2 On page 4, at the end of line 19, delete "**January**" and on line 20, delete "**1, 2015**" and insert
3 "**the operative date of the valuation manual**"

4 AMENDMENT NO. 11

5 On page 4, line 24, change "**(3)**" to "**(5)**"

6 AMENDMENT NO. 12

7 On page 4, line 25, after "**commissioner**" insert "**by rule or regulation**"

8 AMENDMENT NO. 13

9 On page 4, line 26, change "**(4)**" to "**(6)**"

10 AMENDMENT NO. 14

11 On page 5, line 4, change "**(5)**" to "**(7)**"

12 AMENDMENT NO. 15

13 On page 5, between lines 7 and 8, insert:

14 "**(8) Upon written application of a domestic insurer, the commissioner may**
15 **exempt the insurer or specific product forms or lines from the requirements of this**
16 **Subsection.**"

17 AMENDMENT NO. 16

18 On page 5, line 13, after "**including**" insert "**conditions appropriately adverse to quantify**
19 **any**"

20 AMENDMENT NO. 17

21 On page 5, line 16, after "**process**", insert "**, while recognizing potential differences in**
22 **financial reporting structures and any prescribed assumptions or methods**"

23 AMENDMENT NO. 18

24 On page 6, line 2, after "**function**" insert "**consistent with those described in the valuation**
25 **manual**"

26 AMENDMENT NO. 19

27 On page 6, line 6, after "**included**" insert "**in the valuation**"

28 AMENDMENT NO. 20

29 On page 6, line 13, delete "**January 1, 2015**" and insert "**the operative date of the valuation**
30 **manual**"

31 AMENDMENT NO. 21

32 On page 6, between lines 23 and 24, insert the following:

33 "**G. For purposes of this Subpart, "confidential information" shall mean:**
34 **(1) A memorandum in support of an opinion submitted under this Section and**
35 **any other documents, materials and other information, including but not limited to all**

1 working papers, and copies thereof, created, produced or obtained by or disclosed to
2 the commissioner or any other person in connection with such memorandum.

3 (2) All documents, materials and other information, including, but not limited
4 to, all working papers, and copies thereof, created, produced or obtained by or
5 disclosed to the commissioner or any other person in the course of an examination
6 made under this Section provided, however, that if an examination report or other
7 material prepared in connection with an examination made under Chapter 8 of this
8 Title is not held as private and confidential information under Chapter 8 of this Title,
9 an examination report or other material prepared in connection with an examination
10 made under this Section shall not be confidential information to the same extent as if
11 such examination report or other material had been prepared under Chapter 8 of this
12 Title.

13 (3) Any reports, documents, materials and other information developed by a
14 company in support of, or in connection with, an annual certification by the company
15 under this Section evaluating the effectiveness of the company's internal controls with
16 respect to a principle-based valuation and any other documents, materials, and other
17 information, including, but not limited to, all working papers, and copies thereof,
18 created, produced, or obtained by or disclosed to the commissioner or any other person
19 in connection with such reports, documents, materials, and other information.

20 (4) Any principle-based valuation report developed under this Section and any
21 other documents, materials and other information, including, but not limited to, all
22 working papers, and copies thereof, created, produced, or obtained by or disclosed to
23 the commissioner or any other person in connection with such report.

24 (5) Any documents, materials, data and other information submitted by a
25 company under this Section (collectively, "experience data") and any other documents,
26 materials, data and other information, including, but not limited to, all working papers,
27 and copies thereof, created or produced in connection with such experience data, in
28 each case that include any potentially company-identifying or personally identifiable
29 information, that is provided to or obtained by the commissioner (together with any
30 experience data, the experience materials) and any other documents, materials, data
31 and other information, including, but not limited to, all working papers, and copies
32 thereof, created, produced or obtained by or disclosed to the commissioner or any other
33 person in connection with such experience materials.

34 H. Privilege for, and confidentiality of, confidential information.

35 (1) Except as provided in this Section, a company's confidential information is
36 confidential by law and privileged, and shall not be subject to the Public Records Law,
37 R.S. 44:1.1 et seq., shall not be subject to subpoena and shall not be subject to discovery
38 or admissible in evidence in any private civil action; provided, however, that the
39 commissioner is authorized to use the confidential information in the furtherance of
40 any regulatory or legal action brought against the company as a part of the
41 commissioner's official duties.

42 (2) Neither the commissioner nor any person who received confidential
43 information while acting under the authority of the commissioner shall be permitted
44 or required to testify in any private civil action concerning any confidential
45 information.

46 (3) In order to assist in the performance of the commissioner's duties, the
47 commissioner may share confidential information (a) with other state, federal, and
48 international regulatory agencies and with the NAIC and its affiliates and subsidiaries
49 and (b) in the case of confidential information specified in Paragraphs (1) and (4) of
50 this Subsection H of this Section only, with the Actuarial Board for Counseling and
51 Discipline or its successor upon request stating that the confidential information is
52 required for the purpose of professional disciplinary proceedings and with state,
53 federal, and international law enforcement officials; in the case of Subparagraphs (a)
54 and (b) of this Paragraph, provided that such recipient agrees, and has the legal
55 authority to agree, to maintain the confidentiality and privileged status of such
56 documents, materials, data and other information in the same manner and to the same
57 extent as required for the commissioner.

58 (4) The commissioner may receive documents, materials, data and other
59 information, including otherwise confidential and privileged documents, materials,
60 data or information, from the NAIC and its affiliates and subsidiaries, from regulatory
61 or law enforcement officials of other foreign or domestic jurisdictions and from the

1 Actuarial Board for Counseling and Discipline or its successor and shall maintain as
 2 confidential or privileged any document, material, data or other information received
 3 with notice or the understanding that it is confidential or privileged under the laws of
 4 the jurisdiction that is the source of the document, material or other information.

5 (5) The commissioner may enter into agreements governing sharing and use of
 6 information consistent with this Subsection.

7 (6) No waiver of any applicable privilege or claim of confidentiality in the
 8 confidential information shall occur as a result of disclosure to the commissioner under
 9 this Section or as a result of sharing as authorized in Paragraph (3) of this Subsection.

10 (7) A privilege established under the law of any state or jurisdiction that is
 11 substantially similar to the privilege established under this Subsection shall be
 12 available and enforced in any proceeding in, and in any court of, this state.

13 (8) In this Section “regulatory agency”, “law enforcement agency” and the
 14 “NAIC” include, but are not limited to, their employees, agents, consultants and
 15 contractors.

16 I. Notwithstanding Subsection H of this Section, any confidential information
 17 specified in Paragraphs (1) and (4) of Subsection G of this Section:

18 (1) May be subject to subpoena for the purpose of defending an action seeking
 19 damages from the appointed actuary submitting the related memorandum in support
 20 of an opinion submitted under R.S. 22:752 or principle-based valuation report
 21 developed under this Section by reason of an action required by this Subpart or by
 22 regulations promulgated hereunder.

23 (2) May otherwise be released by the commissioner with the written consent of
 24 the company.

25 (3) Once any portion of a memorandum in support of an opinion submitted
 26 under R.S. 22:752 or a principle-based valuation report developed under this Section
 27 is cited by the company in its marketing or is publicly volunteered to or before a
 28 governmental agency other than a state insurance department or is released by the
 29 company to the news media, all portions of such memorandum or report shall no
 30 longer be confidential.

31 J. For the purposes of this Subpart, the following definitions shall apply on and
 32 after the operative date of the valuation manual:

33 (1) “Accident and health insurance” means contracts that incorporate morbidity
 34 risk and provide protection against economic loss resulting from accident, sickness, or
 35 medical conditions and as may be specified in the valuation manual.

36 (2) “Appointed actuary” means a qualified actuary who is appointed in
 37 accordance with the valuation manual to prepare the actuarial opinion required in
 38 Section 3(A) of this Act.

39 (3) “Company” means an entity that has written, issued, or reinsured life
 40 insurance contracts, accident and health insurance contracts, or deposit-type contracts
 41 and one of the following:

42 (a) At least one such policy or contract in force or on claim in this state.

43 (b) A requirement to hold a certificate of authority to write such policies or
 44 contracts in this state and has written, issued, or reinsured such policies or contracts
 45 in any state.

46 (4) “Deposit-type contract” means a contract that does not incorporate
 47 mortality or morbidity risks and as may be specified in the valuation manual.

48 (5) “Life insurance” means contracts that incorporate mortality risk, including
 49 annuity and pure endowment contracts, and as may be specified in the valuation
 50 manual.

51 (6) “Policyholder behavior” means any action a policyholder, contract holder,
 52 or any other person with the right to elect options, such as a certificate holder, may
 53 take under a policy or contract subject to this Subpart including, but not limited to,
 54 lapse, withdrawal, transfer, deposit, premium payment, loan, annuitization, or benefit
 55 elections prescribed by the policy or contract but excluding events of mortality or
 56 morbidity that result in benefits prescribed in their essential aspects by the terms of the
 57 policy or contract.

58 (7) “Principle-based valuation” means a reserve valuation that uses one or more
 59 methods or one or more assumptions determined by the insurer and is required to
 60 comply with R.S. 22:753(D) as specified in the valuation manual.

1 **(8) "Qualified actuary" means an individual qualified to sign the applicable**
2 **statement of actuarial opinion in accordance with the American Academy of Actuaries**
3 **qualification standards for actuaries signing such statements and meets the**
4 **requirements specified in the valuation manual.**

5 **(9) "Tail risk" means risk that occurs either where the frequency of low**
6 **probability events is higher than expected under a normal probability distribution or**
7 **where there are observed events of very significant size or magnitude.**

8 **(10) "Valuation manual" means the manual of valuation instructions adopted**
9 **by the NAIC as specified in this Subpart including any subsequent amendments."**

10 AMENDMENT NO. 22

11 On page 7, line 11, delete "**January 1, 2015**" and insert "**the operative date of the valuation**
12 **manual**"

13 AMENDMENT NO. 23

14 On page 7, lines 17 and 25, delete "**January 1, 2015**" and insert "**the operative date of the**
15 **valuation manual**"

16 AMENDMENT NO. 24

17 On page 7, line 28, after "**(h)**", change "Any" to "**Any For policies issued prior to the**
18 **operative date of the valuation manual, any**"

19 AMENDMENT NO. 25

20 On page 8, lines 4 and 12, delete "**January 1, 2015**" and insert "**the operative date of the**
21 **valuation manual**"

22 AMENDMENT NO. 26

23 On page 8, line 15, delete "**January 1, 2015**" and insert "**the operative date of the valuation**
24 **manual**"

25 AMENDMENT NO. 27

26 On page 8, line 20, delete "**January 1, 2015**" and insert "**the operative date of the**
27 **valuation manual**"

28 AMENDMENT NO. 28

29 On page 8, between lines 23 and 24, insert the following:

30 "J.

31 * * *

32 **(7) The operative date of the valuation manual as used in this Section shall be**
33 **the date determined according to R.S. 22:753(C)(2).**

34 * * *

35 Section 2. R.S. 44:4.1(B)(11) is hereby amended and reenacted to read as follows:
36 §4.1. Exceptions

37 * * *

38 B. The legislature further recognizes that there exist exceptions, exemptions, and
39 limitations to the laws pertaining to public records throughout the revised statutes and codes
40 of this state. Therefore, the following exceptions, exemptions, and limitations are hereby
41 continued in effect by incorporation into this Chapter by citation:

42 * * *

43 (11) R.S. 22:2, 14, 42.1, 88, 244, 461, 572, 572.1, 574, 618, 706, 732, 752, **753**, 771,
44 1203, 1460, 1466, 1546, 1644, 1656, 1723, 1927, 1929, 1983, 1984, 2036, 2303

45 * * *

1 AMENDMENT NO. 29

2 On page 8, line 24, change "Section 2." to "Section 3." and change "2015" to "2014"

3 AMENDMENT NO. 30

4 On page 8, line 26, change "2015" to "2014"