
The original instrument was prepared by Cheryl Horne. The following digest, which does not constitute a part of the legislative instrument, was prepared by Michelle Broussard-Johnson.

DIGEST

Johns (SB 101)

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 the operative date of the valuation manual.

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 issued on or after the operative date of the valuation manual 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 the operative date of the valuation manual. 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 the operative date of the valuation manual.

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 the operative date of the valuation manual then that minimum nonforfeiture standard supersedes the minimum

nonforfeiture standard provided by the valuation manual for all policies issued on or after the operative date of the valuation manual.

Effective January 1, 2014.

(Amends R.S. 22:752(A) and (D)(intro para), 753(B) and (C), 936(G)(8)(f) and (g) and (9), and 44:4.1(B)(11); adds R.S. 22:752(E) and (F), 753 (D), (E), (F), (G), (H), (I), and (J), and 936(G)(8)(h) and (i) and (J)(7))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Insurance to the original bill

1. Change application of new requirements from Jan. 1, 2015, to the operative date of the valuation manual.
2. Change effective date of the Act from Jan. 1, 2015, to Jan. 1, 2014.
3. Add definitions.

Senate Floor Amendments to engrossed bill

1. Makes Legislative Bureau technical changes.
2. Changes "Monthly Average of the Composite Yield on Seasoned Bonds" to "Monthly Average of the Composite Yield on Seasoned Corporate Bonds".
3. Makes technical changes.