
DIGEST

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Present law provides for credit for reinsurance ceded by domestic insurers in accordance with the National Association of Insurance Commissioners (NAIC) Model Credit for Reinsurance Law.

Proposed law retains present law and adds provisions recently added to the NAIC Model Credit for Reinsurance Law.

Proposed law provides that the commissioner may adopt specific additional requirements relating to or setting forth the valuation of assets or reserve credits, the amount and forms of security supporting reinsurance arrangements, or the circumstances pursuant to which credit will be reduced or eliminated.

Present law provides for the commissioner of insurance to promulgate rules and regulations in accordance with the Administrative Procedure Act.

Proposed law retains present law and further provides that the commissioner may adopt rules and regulations applicable to the following reinsurance arrangements:

- (1) An adopted regulation may apply only to reinsurance relating to any or all of the following:
 - (a) Life insurance policies with guaranteed nonlevel gross premiums or guaranteed nonlevel benefits.
 - (b) Universal life insurance policies with provisions resulting in the ability of a policyholder to keep a policy in force over a secondary guarantee period.
 - (c) Variable annuities with guaranteed death or living benefits.
 - (d) Long-term care insurance policies.
 - (e) Such other life and health insurance and annuity products as to which the NAIC adopts model regulatory requirements with respect to credit for reinsurance.
- (2) Proposed law further provides that a regulation adopted pursuant to proposed law may apply to any treaty containing policies issued on or after January 1, 2015, or policies issued prior to January 1, 2015, if risk pertaining to such pre-2015 policies is ceded in connection with the treaty, in whole or in part, on or after January 1, 2015.

Proposed law allows a regulation adopted pursuant to proposed law to require the ceding insurer, in making certain calculations, to use the Valuation Manual adopted by NAIC.

Proposed law prohibits a regulation adopted pursuant to proposed law from applying to any cession to an assuming insurer if the assuming insurer meets any of the following criteria:

- (1) Is certified in this state or in a minimum of five other states.
- (2) Maintains at least \$250 million in capital and surplus determined under certain NAIC procedures and is either:
 - (a) Licensed in at least 26 states.

- (b) Licensed at least ten states and licensed or accredited in a total of at least 35 states.

Proposed law specifies the authority to adopt regulations pursuant to proposed law does not limit the commissioner's general authority to adopt regulations pursuant to present law.

Effective August 1, 2016.

(Amends R.S. 22:651(A), 652, and 661)

Summary of Amendments Adopted by Senate

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

1. Allow a regulation adopted pursuant to proposed law to require use of the NAIC Valuation Manual for certain calculations.
2. Prohibit a regulation adopted pursuant to proposed law from applying to any cession to an assuming insurer who meets certain criteria.
3. Specify the authority to adopt regulations pursuant to proposed law does not limit the commissioner's general authority to adopt regulations pursuant to present law.

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the engrossed bill:

1. Make technical changes.