

2016 Regular Session

SENATE BILL NO. 409

BY SENATORS JOHN SMITH AND JOHNS

LIFE INSURANCE. Provides relative to valuation of life insurance reserves. (gov sig)

AN ACT

To enact R.S. 22:753.1 and to repeal R.S. 22:753(C)(8), relative to exemptions from principle-based reserves for life insurance; to provide with respect to an exemption for single-state life insurers domiciled in this state; to provide for the repeal of the exemption for domestic life insurers upon approval of the commissioner of insurance; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:753.1 is hereby enacted to read as follows:

§753.1. Single state exemption

A. The commissioner may exempt specific product forms or product lines of a domestic company that is authorized and doing business only in this state from the requirements of R.S. 22:753(C) provided both of the following occur:

(1) The commissioner has issued an exemption in writing to the company and has not subsequently revoked the exemption in writing.

(2) The company computes reserves using assumptions and methods used prior to the operative date of the valuation in addition to any requirements

established by the commissioner and promulgated by regulation.

B. For any company granted an exemption pursuant to this Section, the provisions of R.S. 22:752 and 753 shall apply with the exemption of any reference to R.S. 22:753(C), which shall not apply.

Section 2. R.S. 22:753(C)(8) is hereby repealed in its entirety.

Section 3. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

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

DIGEST

SB 409 Original

2016 Regular Session

John Smith

Present law provides that the current method for calculation of life insurer reserves is based on a statutory formula in present law. Further provides, however, for a change to the method of calculation of life insurer reserves to principle-based reserves based on a Standard Valuation Manual to be adopted by the National Association of Insurance Commissioners (NAIC) upon the adoption of the present NAIC Standard Valuation Model Law by 42 states having 75% of the life insurance premium of the United States.

Present law allows a domestic insurer to apply to the commissioner of insurance for an exemption from the Standard Valuation Manual so that the insurer may continue to use the statutory reserve formula for the entire company or for specific product forms or lines.

Proposed law repeals the present process and authority for the commissioner of insurance to exempt a domestic insurer from the requirements of the Standard Valuation Manual.

Proposed law adopts the single-state exemption from the NAIC Standard Valuation Model Law, which permits the commissioner to exempt from the requirements of the Standard Valuation Manual a domestic insurer or certain types of policies of a domestic insurer that only does business in Louisiana. Specifically authorizes the commissioner to exempt specific product forms or product lines of such a company if both of the following occur:

- (1) The commissioner has issued a written exemption to the company that has not been revoked.
- (2) The company computes reserves using assumptions and methods used prior to the operative date of the valuation in addition to any requirements established by the commissioner and promulgated by regulation.

Proposed law further specifies that domestic insurers granted the exemption pursuant to proposed law shall continue to follow all other provisions of present law that govern actuarial opinions and calculation of life insurance reserves.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 22:753.1; repeals R.S. 22:753(C)(8))