

ATTN: ALL APPOINTED ACTUARIES

LOUISIANA ACTUARIAL ISSUES UPDATE

DECEMBER 31, 2015 REQUIREMENTS

There were no new actuarial rules or regulations promulgated by the Louisiana Department of Insurance in 2015.

In 2014, the Louisiana Department of Insurance amended Rule 8 to recognize the 2012 IAR mortality table to be effective for annuities and pure endowments issued on or after January 1, 2015.

In 2013, the Louisiana Department of Insurance promulgated the Standard Valuation Law version that now recognizes principle based reserves. This will become the Louisiana standard once the requirements for national recognition have been met.

In addition, we promulgated the most recent version of Regulation 96 in October of 2008, Regulation 91 in March of 2007, Regulation 47 (re-enacted) in July of 2005 (with a clarification modification in December of 2010), Regulation 84 in September of 2005 and Regulation 85 in September of 2005. These regulations are discussed herein.

1. Regulation 96

Regulation 96 establishes the 1980 CSO Ultimate Mortality Table as the valuation basis for pre-need and other similar type contracts as clarified in this regulation and will apply to such policies on or after January 1, 2009.

2. Regulation 91

Regulation 91 recognizes, presents and permits the use of mortality tables by life insurance companies that reflect the differences in mortality between preferred and standard lives in their statutory reserve determinations. **Note that we are granting an exemption from the mortality statistics reporting requirement for 2015, as per the enclosed letter.**

LOUISIANA ACTUARIAL ISSUES UPDATE

3. Regulation 47 (re-enacted)

Regulation 47 (re-enacted) is Louisiana's version of the NAIC's April 2010 Actuarial Opinion and Memorandum Regulation model (MDL-822). Regulation 47 (re-enacted) varies from the NAIC model so as to allow for the special regulatory characteristics of our Louisiana domestics. These special considerations are discussed further in the attached letter addressed to all life insurance company appointed actuaries, dated November 21, 2005. **However, it should be noted that all multi-state domestic insurance companies are subject to the standard asset adequacy analysis requirement.**

4. Regulation 84

Regulation 84 is Louisiana's version of the 2001 CSO Mortality Table Model Regulation. Reference is given to the attached letter addressed to all life insurance company appointed actuaries, dated November 21, 2005.

5. Regulation 85

Regulation 85 is Louisiana's version of Regulation XXX. It conforms to the NAIC model without adjustment.

6. Actuarial Guideline XXXII

There has been no change to Louisiana's unique version of this requirement since last year.

The immediate payment of death claims assumption in the statutory reserve formula was to have been implemented over five years in increasing increments of 20% per year commencing with the December 31, 1996 reserves on business issued prior to January 1, 1996. However, since December 31, 1997, the increase was capped at 40% on business issued prior to January 1, 1996, with the full reserve being required for issues following that date. Reasonable approximations are acceptable. Further, we mandate that this reserve value be shown explicitly in the various reserve reports .

LOUISIANA ACTUARIAL ISSUES UPDATE

7. Other Actuarial Guidelines

All other Actuarial Guidelines are as per the NAIC Accounting Practices and Procedures Manual.

8. Annuity Valuation Tables

Louisiana Rule 8 was amended to include the use of the 2012 IAR mortality table for individual annuity issues commencing January 1, 2015, with the 1994 GAR table being effective for group annuity issues commencing January 1, 1999.

LOUISIANA DEPARTMENT OF INSURANCE (LDI)

**ACTUARIAL PACKET
DOMESTIC LIFE, HEALTH & HMO INSURANCE COMPANIES
FOR YEAR ENDING DECEMBER 31, 2015**

These requirements are applicable to all domestic life, industrial, service, non-profit, fraternal, health indemnity and HMO insurance companies.

To complete the LDI annual actuarial compliance submission. **(Email submissions, in whole or in part, will be accepted.)** Please note the following:

1. This data should be filed at the same time as your annual statement. Filings after March 1, 2016, will be considered late and subject to a fine and/or other regulatory action.
2. Non-profit companies with no industrial business are exempt from filing actuarial opinions and data for the year ending December 31, 2015. All non-profit companies with industrial business must file all of the required actuarial data.
3. ALL OTHER DOMESTIC LIFE COMPANIES MUST FILE ALL REQUIRED DATA, INCLUDING THE ACTUARIAL OPINION!!! The actuarial opinion must be attached to page 1 of the annual statement and a copy of it included with the actuarial compliance submission.
4. All domestic life companies should be familiar with LDI Regulation 47 (re-enacted). This regulation can be obtained from your appointed actuary or by contacting Rod Friedy, FSA, MAAA, Director of Life Actuarial Services, at LDI (Phone (225) 342-4656 or email: rfriedy@ldi.la.gov). Your appointed actuary will assist you with the specifics of the December 31, 2015 filing requirements.
5. All HMO's should include information which supports the determination of both the covered and uncovered claim liability as presented in the HMO-Associated Edition Annual Statement.
6. A review of all domestic life insurance company submitted December 31, 2015 life insurance and annuity valuations will be completed in 2016 by the LDI actuarial department for the purpose of issuing valuation certificates.
7. Copies of all records must be retained in your office for a period of six years.

LOUISIANA DEPARTMENT OF INSURANCE

C H E C K L I S T

Attach the following label (Checklist) to the envelope in which you file the actuarial data for the year ended December 31, 2015. Fasten securely with glue or tape. Include this package with the annual statement filing. The actuarial data is due on March 1, 2016, along with your annual statement.

-----Cut here-----

To: **ATTENTION: Director of Life Actuarial Services**

**Louisiana Department of Insurance
Office of Financial Solvency
Post Office Box 94214
Baton Rouge, La 70804**

From:

Type company name and address above.

Inventory Checklist

<u>Item</u>	<u>Num of Pages</u>	<u>Form</u>
1	_____	Plan Code Definitions
2	_____	Plan Summary
3	_____	Five Year Trend Study
4	_____	Certification of Trend Study
5	_____	Affirmation of Insurance In Force
6	_____	Actuarial Opinion
7	_____	Exemption from asset adequacy Worksheet
8	_____	Universal Life Certification
9	_____	Registered Policy Certification
10	_____	Letter appointing actuary (If not previously submitted)
11	_____	Other

**LOUISIANA DEPARTMENT OF INSURANCE
NOTICE TO THE APPOINTED ACTUARY FOR
ALL DOMESTIC LIFE, HEALTH & HMO INSURANCE COMPANIES**

REGULATION 47 (RE-ENACTED)

1. Louisiana Department of Insurance Regulation 47 (re-enacted) requires that each company submit a statement of actuarial opinion. The prior Regulation required the filing to be either a Section 7 or Section 8 Opinion. Regulation 47 (re-enacted) requires an asset adequacy analysis unless a specified exemption criteria is met. The specified exemption criteria are to be defined each year. **For December 31, 2015, the specified exemption is the same as the former Section 7 exemption. However, it is called an exemption from asset adequacy. Note that all multi-state domestic life insurance companies are subject to the standard asset adequacy analysis requirement.**

Companies requesting an asset adequacy exemption must complete the attached "Exemption from Asset Adequacy Testing" form for the year 2015.

The Statement of Actuarial Opinion should, as a minimum, attest to the following:

- (i) Aggregate reserves for policies and contracts included in Exhibit 5.
 - (ii) Aggregate reserves for policies and contracts included in Exhibit 6.
 - (iii) Aggregate reserves for deposit funds, premiums, dividend and coupon accumulations and supplementary contracts not involving life or disability contingencies included in Exhibit 7.
 - (iv) Policy and Contract Claims-Liability end of Current Year included in Exhibit 8, Part 1.
2. The Statement of Actuarial Opinion is normally due on March 1, 2016. However, if prior to this submission date it is determined that an asset adequacy analysis is required and special permission has been granted by the Department to postpone it until August 1, 2016 then, in the interim, a non-asset adequacy opinion should be completed and submitted by March 1, 2016.
 3. The actuary must certify that the Company has been furnished with a Five Year Reserve Trend Study. This study must provide summary totals by mortality table, interest rate and reserve method for yearend 2015. **Also, if any block of business has been affected by a change in valuation basis, thereby distorting the year to year trend, then such a distortion should be explained by way of a footnote or other explanatory note.**

The study date should include, as appropriate, the following:

- (a) number of policies
- (b) gross premium
- (c) net premium
- (d) amount of insurance
- (e) reserve
- (f) 100% reserves if different from (e)
- (g) reserve per one thousand dollars of insurance
- (h) gross premium per one thousand dollars of insurance

Note: The amount of insurance and reserve totals must equal the corresponding amounts shown in the annual statement.

NOTICE TO THE APPOINTED ACTUARY

4. A Plan Study should be prepared which shows the number of policies, coverage and reserves by plan code.
5. A Plan Code Definition document should be prepared listing the type of coverage, benefits and premium payment details for each unique plan code.
6. A document attesting to the accuracy of the company's insurance inforce should be provided, as appropriate, by the actuary, a company official, or whoever was responsible for the inforce information. This document should also state that the detailed inforce listings, including related summaries, will be kept for a period of six years on file in the administrative office of the company and will be made available upon request from the Office of the Commissioner of Insurance.
7. **IMPORTANT!** The actuarial opinion must be signed AND DATED!
8. The Plan Study and Five Year Trend Study may, in addition to the paper report, and, on an optional basis, be submitted on an electronic medium utilizing Excel or other standard software. Further, we will accept Email submissions for these and other components of the annual filing.

NOTE:

The above mentioned reporting structure presents a guideline of what we at the Louisiana Department of Insurance believe we need in order to assess a company's reserve liability and other components of the actuarial compliance submission. The company, through its appointed actuary, is free to modify, supplement, or make any other changes to the reporting structure that is believed to be beneficial to the Department in its annual actuarial compliance review.

SMALL GROUPS AND COMMUNITY RATING REQUIREMENTS

Life and health insurers that market health insurance policies and/or act as small employer health benefit carriers must also comply with the provisions of LRS 22:1094B, which requires that the small employer carrier file an actuarial certification each March 1 with the Commissioner attesting that the carrier is in compliance with sections LRS 22:1091 through 1095 of the Louisiana Insurance Code and that the rating methods of the carrier are actuarially sound. **Note, these requirements apply to both indemnity and HMO structured organizations.**

REGISTERED POLICIES

All companies should complete the attached "Registered Policy" form if they issue any registered policies in the state of Louisiana. Registered policies are defined in LRS 22:809 of the Louisiana Insurance Code.

UNIVERSAL LIFE

All domestic life and health companies must complete the attached "Universal Life" form. Universal Life policies are defined in accordance with Louisiana Regulation 36.

**LOUISIANA DEPARTMENT OF INSURANCE
LIFE AND HEALTH COMPANIES
PLAN SUMMARY FOR YEAR ENDING DEC. 31, 2015**

COMPANY

INSURANCE TYPE: [Industrial] [Ordinary] [Credit] [Group]

RESERVE BASIS (or TOTAL PAGE)

1 PLAN CODE	2 POLICY COUNT	3 GROSS PREMIUM	INSURANCE IN FORCE OR ANNUITY FUND VALUE	5 100% RESERVES	6 RESERVES	7 RES/THOUS
A						
B						
C						
D						
E						
F						
G						
H						
I						
J						
K						
L						
TOTALS						

**LOUISIANA DEPARTMENT OF INSURANCE
LIFE AND HEALTH COMPANIES
FIVE YEAR TREND STUDY FOR YEAR ENDING DEC. 31, 2015**

COMPANY

INSURANCE TYPE: Industrial, Ordinary, Credit, Group, Annuity, Universal Life Circle one
Supple Contr., Accidental Death, Dis. Act, Dis. Dis, Misc.
Exh 5, Exh 6, Exh 7, Exh 8, Pt 1
Burial, Cash **INDUSTRIAL COMPANIES ONLY - Circle one**

1 YEAR	2 POLICY COUNT	3 GROSS PREM.	INSURANCE IN FORCE OR ANNUITY FUND VALUE	5 RES.	6 RES./ THOUS	7 110% RESERVES	8 YEAR
RESERVES BASIS (or TOTALS)							
15							15
14							14
13							13
12							12
11							11
RESERVES BASIS (or TOTALS)							
15							15
14							14
13							13
12							12
11							11
RESERVES BASIS (or TOTALS)							
15							15
14							14
13							13
12							12
11							11

LOUISIANA DEPARTMENT OF INSURANCE (LDI)

THE DECEMBER 31, 2015 YEAR END LIFE & HEALTH (HMO) INSURANCE COMPANY ANNUAL ACTUARIAL FILING INSTRUCTIONS

OVERVIEW

The following instructions provide a suitable approach to completing the Department's annual actuarial filing requirement. The appointed actuary is free to vary from this structure provided the original purpose is maintained. This is of particular relevance for certain health insurance organizations (including HMOs) for which no prescribed reporting formats have been established. **Note: These requirements pertain specifically to companies reporting on the Blue Blank.**

PLAN CODE DEFINITIONS

1. Submit PLAN CODES DEFINITIONS for each plan with business in force. Include the business issue period. (Abbreviations must be decipherable.)

PLAN SUMMARY

2. Summarize the DETAILED RESERVE LISTING data by TYPE OF INSURANCE (Ordinary, Industrial, Credit Life, Group, Universal Life etc.) and RESERVE BASIS and list on the PLAN SUMMARY FOR 2015 (sample form attached). (Note that there should be a separate page for each combination of insurance type and reserve basis.)

Note that Annuities have different definitions than Life Insurance ("Annual Income" instead of "Insurance in Force" and "Accumulation" in place of "100% Reserves".)

The amounts shown as "100% Reserves" and "Reserves" will normally be the same except for those policies with statutory funeral discounts on pre-1978 issues.

Calculate the "Reserves per Thousand" for each plan (round to nearest dollar). Total each page on the last line.

IMPORTANT! Prepare a summary page with the totals for all pertinent columns and verify with the Annual Statement, Exhibit 5 and page 22, line 23. **Failure to complete the summary page will result in the study being returned.** Also, note that the annualized gross premium value should be reasonably close to the reported premium receipts. File the "Plan Summary" only - DO NOT file the detailed reserve listings. **These documents must be maintained at the company for six years.**

FIVE YEAR TREND STUDY

3. The PLAN SUMMARY current year totals should be transferred to the FIVE YEAR TREND STUDY (sample form attached). **IMPORTANT!** Enter grand totals for all pages on the last page and check against the Annual Statement, Exhibit 5 and page 22, line 23. **Failure to total will result in the study being returned.**

ACTUARIAL CERTIFICATION OF TREND STUDY

4. The company appointed actuary must certify that the company has been provided with a trend study for a minimum of five years. (See attached form.)

AFFIRMATION OF INFORCE

5. An AFFIRMATION OF INSURANCE IN FORCE (sample form attached) must be completed.

ACTUARIAL OPINION

6. The company's appointed actuary must complete a STATEMENT OF ACTUARIAL OPINION as per the Louisiana Department of Insurance's Regulation 47 (re-enacted). In particular, the appointed actuary must certify to the following four annual statement reserve items; Exhibit 5, Exhibit 6, Exhibit 7 and Exhibit 8, Part 1. Please note that the requirements of Regulation 47 (re-enacted) supersede the Annual Statement Instructions. The Opinion must be signed AND DATED.

OTHER STATEMENTS OF RELIANCE

7. A statement of reliance must be filed for each other person or entity that the appointed actuary specifies dependence upon in forming the Statement of Actuarial Opinion. The statement of reliance should identify the scope of the work that the appointed actuary is reliant upon as well as the person who performed that work, and must be signed and dated by the person who supplied the work to the appointed actuary.

EXEMPTION FROM ASSET ADEQUACY TESTING

8. Companies may file for an exemption from completing an asset adequacy analysis by meeting certain requirements as per the attached form. Companies so eligible must file a NON-ASSET ADEQUACY STATEMENT OF ACTUARIAL OPINION. **Note that all multi-state domestic life insurance companies are subject to the standard asset adequacy analysis requirement.**

REGISTERED POLICIES

9. The attached Registered Policy Statement must be completed and signed by an officer of the company.

FORMAT OF DOCUMENTS

9. All documents **MUST BE IN A TYPED FORMAT**. Handwritten documents will be returned as unacceptable.

The "Plan Study" and "Trend Study" should contain totals and subtotals which agree with the corresponding totals in Exhibits 5 and 6 of the annual statement. **STUDIES WITHOUT PROPER TOTALS WILL BE RETURNED!!**

The "Plan" and "Trend" studies should be prepared on forms similar to the attached. However, output from computer programs and spreadsheets will also be acceptable if consistent with our intent.

PACKAGE AND MAIL

10. Enclose all of the above items in a **SEPARATE PACKAGE**. Fill in and attach the enclosed label and include the package with your annual statement filing. **NOTE THAT THE PACKAGE MUST BE SENT BY U.S. MAIL ONLY!!! However, we will accept documents submitted by Email.**

Louisiana Department of Insurance

RESERVE TREND STUDY CERTIFICATION

I hereby certify that _____ Insurance Company has been furnished with a Five Year Reserve Trend Study as required by the Louisiana Insurance Department. As of December 31, 2015, the grand total insurance in force (before adjustments for reinsurance) is \$_____ and the total reserves (Exhibit 5 - after adjustments for reinsurance) is \$_____. This latter value should be equal to corresponding items in the Company's annual statement (page 22, line 23, column 1 and page 3, line 1).

Date

Actuary

Louisiana Department of Insurance

AFFIRMATION OF INSURANCE IN FORCE

I hereby affirm that the listings and summaries of policies in force for _____ Life Insurance Company as of December 31, 2015, prepared for and submitted to _____

NAME OF ACTUARY

were prepared under my direction and, to the best of my knowledge and belief, are substantially accurate and complete.

These detailed in force listings, including related summaries, will be kept for a period of six years in the files at the Administrative Office of the Company and will be made available to the Office of the Commissioner of Insurance upon request.

DATE

SIGNATURE

NAME

TITLE OF COMPANY OFFICER

LOUISIANA DEPARTMENT OF INSURANCE

INSTRUCTIONS FOR RECORDING DETAILED RESERVES FOR LIFE AND HEALTH COMPANIES

Each company is required to maintain a policy data file consisting of one record for each policy issued (seriatim) in an electronic data processing medium. As a minimum, each policy record should include the following items of information:

Name of Insured
Policy Number
Base or Rider
Policy Issue Date
Status (active, lapsed, surrendered, RPU, ETI, expired, claim)
Paid to Date
Expiry Date
Plan Code
Sex(es)
Date(s) of Birth
Gross Modal Premium
Frequency of Premium Payment
Face Amount
Insurance in force
Units
Reserve
Fund Value
Cash Value
Valuation Method
Mortality Table
Valuation Interest Rate

LOUISIANA DEPARTMENT OF INSURANCE
2015 Annual Statement Actuarial Review - Domestic Life Insurance Company

NAIC
NUMBER

INSURANCE COMPANY NAME

EXEMPTION FROM ASSET ADEQUACY TESTING				
FOR YEAR ENDING DEC. 31 2015 for _____				
Line No.	Annual Stmt	Item Description	2015	
1	Page 2, L 28	Admitted Assets		
2		Category Class		
3	Page 3, L 38	Capital + Surplus		
4	Page 2, L 12	Cash + Invested assets		
5		Ratio #1 (L3 ÷ L4)		
6A	Exh. 5	Annuity Reserves		
6B	Exh. 7, L 14	Deposit Funds		
7		Ratio #2 (L6A+L6B) ÷ L1		
8	Page SI07 9.3-9.6, col 6	Book value of non-investment grade bonds		
9		Ratio #3 (L8 ÷ L3)		
Has the NAIC Analyst Team designated the company category A or B				
Summary Information:				
		Exemption Criteria		
Category Class		A	B	C
Ratio #1	>	.10	.07	.05
Ratio #2	<	.30	.40	.50
Ratio #3	<	.50	.50	.50
Is the Company Exempt? Y/N				
<p>Test: The Company is exempt if Ratio #1 is greater than the exemption criteria, Ratios #2 & #3 are less than the exemption criteria and the company does not have an Analyst Team designation.</p>				

Note : The Commissioner may specifically indicate that the exemption is not to be allowed.

Category A - Admitted assets of \$20,000,000 or less

Category B - Admitted assets of \$20,000,000 to \$100,000,000

Category C - Admitted assets of \$100,000,000 to \$500,000,000

Category D - Admitted assets of over \$500,000,000

ATTENTION DOMESTIC AND FOREIGN LIFE INSURANCE COMPANIES

UNIVERSAL LIFE POLICIES

Please complete the following form:

Name of Company: _____

NAIC Number: _____

1. As of December 31, 2015 did your company have any universal life policies in force as defined in Louisiana Regulation 36, _____ YES _____ NO

2. If the answer to (1) is yes, is your universal life business reserved in accordance with Louisiana Regulation 36, _____ YES _____ NO

3. If the answer to (1) is yes, then please attach a list of your universal life plan codes from your plan study.

I hereby certify that the above information is correct.

Appointed Actuary for the Company

Date

ATTENTION DOMESTIC AND FOREIGN LIFE INSURANCE COMPANIES

REGISTERED POLICIES

Please complete the following form:

Name of Company: _____

NAIC Number: _____

1. Any issued Registered Policies as defined in La. R.S. 22:809 ___ YES ___ NO

2. If the answer to the above is yes, then complete the following:

a. Plan codes offering registered policies _____ .

b. Number of registered policies issued _____ .

c. Total in-force of registered policies _____ .

d. Statutory reserves of all registered policies as of 12/31/15 _____ .

3. Have you deposited with the Commissioner of Insurance funds equal to the legal reserve for the registered policies ___ YES ___ NO

I hereby certify the above information is correct.

Officer of the Company

Date



LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON
COMMISSIONER

December 18, 2015

To: All Domestic and Foreign Louisiana Life Insurance Companies

In accordance with Section 11909C of Louisiana's Regulation 91: "Unless exempted by the Commissioner, every authorized insurer using the 2001 CSO Preferred Class Structure Table shall annually file with the Commissioner, with the NAIC, or with a statistical agent designated by the NAIC and acceptable to the Commissioner, statistical reports showing mortality and such other information as the Commissioner may deem necessary or expedient for the administration of the provisions of this regulation..."

Notice is hereby given that for the calendar year ending December 31, 2015, the Louisiana Department of Insurance intends to grant the above mentioned exemption from the filing of the associated annual statistical reports.

Please feel free to contact us if any further clarification is needed.

Sincerely,

Rodney E. Friedy, FSA, MAAA
Director of Life Actuarial Services



LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON
COMMISSIONER

December 16, 2014

To: All Life Insurance Company Appointed Actuaries

This letter discusses recently promulgated Louisiana legislation. We amended Rule 8 in 2014. We promulgated the revision to the standard valuation and standard non-forfeiture laws that recognize principle based reserves in 2013 and we now wait for national recognition for it to come into effect for our Louisiana and domestic and foreign life insurance companies. Three new regulations were promulgated in 2005, none in 2006, one in 2007, one in 2008 and re-codification of Title 22 in 2009. In 2010 a slight change was made to Regulation 47 (re-enacted). There was no new legislation promulgated in either 2011 or 2012. However, on January 1, 2013 the statutory valuation and non-forfeiture interest rates changed for new issues as detailed in the appended letter.

RULE 8

Rule 8 was amended in 2014 to recognize the 2012 IAR mortality table for individual annuity issues commencing on or after January 1, 2015.

REGULATION 47 (RE-ENACTED)

Regulation 47 (re-enacted) (2005), supplants Regulation 47 (1994) and conforms to the NAIC model except that we modified it to give the Commissioner the authority to establish alternative asset adequacy testing standards. **Note, multi-state domestics are not exempt from the asset adequacy analysis requirement (as of 2010).**

The December 31, 2013 domestic company single state standard of exemption remains the same as last year, namely: previous Regulation 47's "Section 7 Exemption".

REGULATION 84

Regulation 84 (2005) authorizes the 2001 CSO Mortality Table for statutory valuation and non forfeiture purposes. This table is limited to its use to regularly underwritten life insurance business, with Regulation 96 describing pre-need mortality coverage.

Also, as per the letter dated June 9, 2005 (letter appended), Louisiana's insurance code does not require the minimum statutory valuation interest rate to ever be less than 4.5%. Since other states may want to set their December 31, 2013 statutory valuation standard under the 2001 CSO mortality at 4% rather than the 1980 CSO at 4.5%, we consider this to be satisfactory provided any reserve shortfall is established as a contingency reserve. This basis will apply to business issued prior to January 1, 2013, thereafter; a different standard will apply as per the appended letter.

REGULATION 85

Regulation 85 (2005), is as per the NAIC Regulation XXX model.

REGULATION 91

Regulation 91 (2007) permits the use of the 2001 CSO Preferred Class Structure Mortality Table as an alternative to the 2001 CSO Smoker/Non-smoker Mortality Table as a valuation standard for life insurance reserves. Our regulation adheres to the NAIC model without adjustment. **The Commissioner is waiving the mortality statistics reporting requirement for 2014, as per the appended letter.**

REGULATION 96

Regulation 96 (2008) prescribes the 1980 CSO Ultimate Mortality Table for the valuation of pre-need and other similar coverage, commencing January 1, 2009.

SUMMARY

In summary of the above:

1. Rule 8 was amended in 2014 to recognize the 2012 IAR table for individual annuity issues.
2. The revision to the standard valuation and standard non-forfeiture law that recognizes principle based reserves was promulgated in 2013.
3. Regulation 47 (re-enacted). Certain Louisiana domestics are exempt from asset adequacy analysis (not granted for multi-state domestics). Foreign companies must meet their state of domicile's asset adequacy standards.
4. Regulation 96 establishes the mortality standard for pre-need business.
5. Regulation 85 conforms completely to the NAIC Regulation XXX model.
6. Regulation 91 allows companies meeting certain standards to use the 2001 CSO Preferred Class Structure mortality table under certain circumstances. The statistics reporting requirement for 2014 is waived.

Sincerely,

A handwritten signature in blue ink that reads "Rodney E. Friedy". The signature is written in a cursive, flowing style.

Rodney E. Friedy, FSA, MAAA
Director of Life Actuarial Services



LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON
COMMISSIONER

December 17, 2012

To: All Life Insurance Company Appointed Actuaries

Commencing January 1, 2013, the dynamic valuation interest rate calculator has determined that the maximum statutory valuation interest rate for newly issued life insurance business with lifetime benefits to be 3.5%, supplanting the 4% standard. In Louisiana, this new standard will apply to fully underwritten business while an alternative standard will apply to limited underwritten policies such as pre-need coverage.

LRS 22:753B(3)(a) of the Louisiana Insurance Code states: "The interest rates used in determining minimum standard for the valuation of the policies...shall be the calendar year statutory valuation interest rates, as defined in this paragraph, or at the option of the insurer,..., the rate ... of interest provided in Paragraphs (1)...of this Subsection." The "Paragraphs (1)" reference is to LRS 22:753B(1) which states: "Except as otherwise provided in Paragraphs...(3) of this Subsection...the minimum standard for the valuation...four and one-half percent interest for policies...other than annuities and pure endowment contracts...". It is thus concluded that the Louisiana Insurance Code sets the floor on the statutory maximum valuation interest rate for insurance policies with lifetime coverage at 4.5%. This rate was combined with the 1980 CSO to form the statutory standard for limited underwritten lifetime benefit policies.

With the change in the maximum statutory valuation interest rate assumption to 3.5% for fully underwritten life time benefit policies, it is deemed necessary to also review the maximum statutory valuation interest rate assumption for the lifetime benefit limited underwritten policies. Given that the change in statutory rate to 3.5% was based on the prevailing low bond earnings, and that such low bond earning rates would also apply to the investments of limited underwritten business, it is deemed necessary to lower the statutory maximum interest rate for limited underwritten business to 4% from 4.5%. Thus, commencing January 1, 2013, for all newly issued maximum benefit period limited underwritten policies, the minimum statutory valuation standard will be the 1980 CSO at 4.0% effective on January 1, 2013, and the minimum non-forfeiture standard will be the 1980 CSO at 5.0% effective on January 1, 2014.

In summary, in order to meet the Louisiana statutory insurance code standards and the good and sufficient reserve requirement, for life insurance with a lifetime benefit, the minimum statutory reserve standard is the 2001 CSO at 3.5% for fully underwritten business and the 1980 CSO at 4.0% for limited underwritten business, with the corresponding minimum non-forfeiture standards being the 2001 CSO at 4.5% for fully underwritten business and the 1980 CSO at 5.0% for limited underwritten business. The statutory valuation rates take effect January 1, 2013 and the statutory non-forfeiture rates take effect January 1, 2014.

Sincerely,

A handwritten signature in cursive script that reads "Rodney E. Friedy". The signature is written in black ink and is positioned above the printed name and title.

Rodney E. Friedy, FSA, MAAA
Director of Life Actuarial Services



LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON
COMMISSIONER

NOTE: With the 2008 re-codification, the LRS reference of 163 becomes 753

June 9, 2005

To: All Life Insurance Company Appointed Actuaries

Under the current prevailing interest rate climate it is expected that the dynamic statutory valuation interest rate generating formula will produce a statutory valuation interest rate of 4% for life insurance policies with lifetime benefits. This defines the statutory minimum valuation and non-forfeiture interest rate for issues commencing January 1, 2006 until the dynamic statutory valuation interest rate generating formula produces a different value.

However, under the Louisiana Insurance Code there are options. LRS 22:163B(3)(a) states: "The interest rates used in determining minimum standard for the valuation of the policies...shall be the calendar year statutory valuation interest rates, as defined in this paragraph, or at the option of the insurer,..., the rate ... of interest provided in Paragraphs (1)...of this Subsection." The "Paragraphs (1)" reference is to LRS 22:163B(1) which states: "Except as otherwise provided in Paragraphs...(3) of this Subsection...the minimum standard for the valuation...four and one-half percent interest for policies...other than annuities and pure endowment contracts...". It is thus concluded that the Louisiana Insurance Code sets the floor on the statutory minimum valuation interest rate for insurance policies with lifetime coverage at 4.5% which is the rate that has been in effect for some time.

The preceding analysis reveals that the minimum statutory valuation interest rate for life insurance policies with life time coverage is 4.5%. Similarly, since the minimum non-forfeiture interest rate is set to 125% of the minimum statutory valuation interest rate rounded up to the next 0.25%, its value of 5.75% also remains in effect. Therefore, all appointed actuaries responsible for the valuation of Louisiana issued policies are free to continue to use the statutory valuation and non-forfeiture interest rates for 2005 issues to value the life insurance policies with lifetime benefits as long as the Louisiana Insurance Code remains as it is currently written.

Sincerely,

A handwritten signature in black ink that reads "Rodney E. Friedy".

Rodney E. Friedy, FSA, MAAA
Director of Life Actuarial Services