LOUISIANA DEPARTMENT OF INSURANCE

2018 ANNUAL STATEMENT MAILOUT
(FOR YEAR ENDED 12/31/2018)

CHECK LIST

Use the following checklist (as needed) to file your actuarial data for the year ended December 31, 2018. The actuarial data is due on March 1, 2019, 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

Item	Num of Pages	Form
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	_____	Non-Guaranteed Element Statement
9	_____	Universal Life Certification
10	_____	Registered Policy Certification
11	_____	Letter appointing actuary (If not previously submitted)
12	_____	Other

LOUISIANA DEPARTMENT OF INSURANCE (LDI)

ACTUARIAL PACKET
DOMESTIC LIFE, HEALTH & HMO INSURANCE COMPANIES
FOR YEAR ENDING DECEMBER 31, 2018

These requirements apply 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. File this data at the same time as your annual statement. Filings after March 1, 2019, are late and subject to 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, 2018. All non-profit companies with industrial business must file all required actuarial data.

3. ALL OTHER DOMESTIC LIFE COMPANIES MUST FILE ALL REQUIRED DATA, INCLUDING THE ACTUARIAL OPINION!!! Attach the actuarial opinion to page 1 of the annual statement and include a copy 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, 2018, filing requirements.**

5. All HMO's should include information that supports the determination of both the covered and uncovered claim liability as presented in the HMO-Associated Edition Annual Statement.

6. The LDI actuarial department will review of all domestic life insurance company December 31, 2018, valuations in 2019, and issue valuation certificates.

7. Retain copies of all records in your office for six years.

ATTN: ALL APPOINTED ACTUARIES

LOUISIANA ACTUARIAL ISSUES UPDATE

DECEMBER 31, 2018 REQUIREMENTS

In 2016, principle based actuarial (PBA) came into effect for new business. The standard became optional commencing January 1, 2017, and will be mandatory January 1, 2020. Louisiana companies can test the exemption condition.

The 2017 CSO Mortality Table became effective for new issue reserves and cash values, optional January 1, 2017, and mandatory January 1, 2020. Supporting documentation is in VM-20. However, our position remains that neither this table, or the 2001 CSO Table, will produce adequate reserves for industrial, pre-need and other home service products. **Therefore, the mortality standard for this product class remains the 1980 CSO Ultimate Mortality Table (as discussed below).**

In 2014, the Louisiana Department of Insurance amended Rule 8 to recognize the 2012 IAR Mortality Table. The table is for new annuity and pure endowments contracts commencing January 1, 2015.

We promulgated 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 established the 1980 CSO Ultimate Mortality Table as the valuation standard for industrial, pre-need and other home service products commencing 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, we are granting an exemption from the mortality statistics-reporting requirement for 2018, as per the enclosed letter.**

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. **All Louisiana multi-state domestic insurance companies are subject to the asset adequacy analysis requirement.**

4. Regulation 84

Regulation 84 is Louisiana's version of the 2001 CSO Mortality Table Model Regulation. As mentioned, the 2017 CSO Mortality Table supplanted the 2001 CSO Mortality Table. 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

As of December 31, 1996, the immediate payment of claims (IPC) reserve requirement capped the reserve at 40% of the full value on business issued prior to January 1, 1996, with full reserves for issues following that date.

Commencing December 31, 2017, we modified our position with a phase in to 100% of the IPC reserve. The December 31, 2018, reporting requires at least 80% of the IPC reserve on pre-January 1, 1996 issues. The full IPC reserve will be required on all business on December 31, 2019.

Reasonable approximations are acceptable. We mandate explicit recognition of this reserve in the actuarial reports.

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 recognizes the 2012 IAR Mortality Table for individual annuity issues commencing January 1, 2015, and recognizes the 1994 GAR Mortality Table for group annuity issues commencing January 1, 1999.

LOUISIANA DEPARTMENT OF INSURANCE (LDI)
DECEMBER 31, 2018 APPOINTED ACTUARY NOTIFICATION

REGULATION 47 (RE-ENACTED)

LDI Regulation 47 (re-enacted) requires that each company submit a statement of actuarial opinion (SAO), signed and dated by the appointed actuary. The prior regulation required the filing to be either a Section 7 or Section 8 SAO. Regulation 47 (re-enacted) requires an asset adequacy analysis unless the company meets our specified exemption criteria. (We specify the exemption criteria each year.) **For December 31, 2018, the specified exemption is equivalent to the former Section 7 Exemption (now called an exemption from asset adequacy). Multi-state domestic life insurance companies must complete the standard asset adequacy analysis.** Companies requesting an asset adequacy exemption must complete the 2018 "Exemption from Asset Adequacy Testing" form.

STATEMENT OF ACTUARIAL OPINION

The SAO 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.

The SAO is due March 1, 2019. However, if LDI grants an asset adequacy deferral (to August 1, 2019) then, in the interim, a non-asset adequacy SAO should be completed and submitted by March 1, 2019.

STATEMENT OF RELIANCE

Submit a statement of reliance from anyone that the appointed actuary specifies dependence on in forming the SAO. The statement should identify the scope of the work and the person responsible. The person responsible should sign and date the statement.

FIVE YEAR TREND STUDY

The appointed actuary must certify to the company's Five Year Reserve Trend Study. This study must provide summary totals by mortality table, interest rate and reserve method for yearend 2018. **Explain any trend distortion from a change in valuation basis with an explanatory note.**

The study should include, as appropriate, the following:

(a) Number of policies.
(b) Gross premium.
(c) Net premium.
(d) Amount of insurance.
(e) Statutory 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 coverage.

PLAN STUDY

Submit a Plan Study. Detail the number of policies, amount of coverage and reserves by plan code.

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

PLAN CODE DEFINITIONS

Submit a Plan Code Definition document. It should detail the type of coverage, statutory reserve basis and premium payment structure for each unique plan code.

AFFIDAVIT OF INFORCE

Provide an Affidavit of Inforce attesting to the accuracy of the company's insurance inforce. A responsible company official must sign it. Keep it on file for six years and available to LDI on request.

SMALL GROUPS AND COMMUNITY RATING REQUIREMENTS

There are no longer small group health insurer community rating compliance annual certification requirements. LRS 22:1094B is now a general requirement that the Louisiana health insurers certify to their overall rating practices. This requirement pertains directly to rate filing and is not part of this mail out package.

NON-GUARANTEED ELEMENT STATEMENT

Complete the "Non-Guaranteed Element Statement" form.

REGISTERED POLICIES

Complete the attached "Registered Policy" form if there are any registered policies in the state of Louisiana. LRS 22:809 of the Louisiana Insurance Code details the registered policy requirement.

UNIVERSAL LIFE

Complete the attached "Universal Life" form. Louisiana Regulation 36 pertains to universal life policies.

NOTE:
This reporting structure presents a guideline to what we at LDI believe we need to assess a company's statutory reserve liability submission. We accept modifications provided there are no content distortion.

LOUISIANA DEPARTMENT OF INSURANCE
LIFE AND HEALTH COMPANIES
PLAN SUMMARY FOR YEAR ENDING DEC. 31, 2018

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 DECEMBER 31, 2018

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)							
18							18
17							17
16							16
15							15
14							14
RESERVES BASIS (or TOTALS)							
18							18
17							17
16							16
15							15
14							14
RESERVES BASIS (or TOTALS)							
18							18
17							17
16							16
15							15
14							14

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, 2018, 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

AMO011.DOM

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, 2018, 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

AMO012.DOM

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
2018 Annual Statement Actuarial Review - Domestic Life Insurance Company

NAIC NUMBER

INSURANCE COMPANY NAME

EXEMPTION FROM ASSET ADEQUACY TESTING FOR YEAR ENDING DEC. 31 2018 for _____					
Line No.	**Annual Stmt**	**Item Description**			**2018**
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 10.3-10.6, col. 7	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					
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.					

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, 2018, 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

AMO015.DOM

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 12/31/2018_____ .

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

ATTENTION DOMESTIC AND FOREIGN LIFE INSURANCE COMPANIES

NON-GUARANTEED ELEMENT STATEMENT

Please complete the following form:

Name of Company:_____

NAIC Number: _____

1. Did your company have any policies in force on December 31, 2018, with non-guaranteed elements, _____ YES _____ NO?

2. If the answer to (1) is yes, please complete and attach a non-guaranteed element statement.

I hereby certify that the above information is correct.

_____ _____

Appointed Actuary for the Company Date

AMO017.DOM

LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON
COMMISSIONER

December 18, 2018

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, 2018, 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

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

P. O. BOX 94214 • BATON ROUGE, LOUISIANA 70804-9214
PHONE (225) 342-5900 • FAX (225) 342-3078
http://www.ldi.la.gov

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.

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http://www.ldi.la.gov

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,

Rodney E. Friedy

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,

Rodney E. Friedy

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

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