


**LOUISIANA DEPARTMENT OF INSURANCE
OFFICE OF FINANCIAL SOLVENCY**

MEMORANDUM

DATE : December 18, 2023

TO: Stewert Guerin, CFE
Deputy Commissioner, Financial Solvency

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

SUBJECT: 2023 Actuarial Mail Out

Attached are the 2023 actuarial mail out instructions for foreign and alien companies licensed to transact business in Louisiana.

REF:ja

Attachment:

LOUISIANA DEPARTMENT OF INSURANCE

2023 ANNUAL STATEMENT MAILOUT (FOR YEAR ENDED 12/31/2023)

LOUISIANA DEPARTMENT OF INSURANCE

TO ALL FOREIGN & ALIEN LIFE INSURANCE COMPANIES (Including Life & Fraternal)

REGULATION 47 (RE-ENACTED)

The 2023 Statement of Actuarial Opinion (SAO) for Life and Fraternal companies licensed to transact business in Louisiana must comply with the requirements of the foreign company's state of domicile. It is not necessary to directly meet the requirement of Louisiana's Regulation 47 (re-enacted).

REGISTERED POLICIES

All foreign companies must 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.

ATTN: ALL APPOINTED ACTUARIES

LOUISIANA ACTUARIAL ISSUES UPDATE

DECEMBER 31, 2023 REQUIREMENTS

Principle based reserves (PBR) became mandatory January 1, 2020, for new business. Louisiana companies can test exemption from PBR and certify to the expectation of meeting this standard using the enclosed submission form. The company must be prepared to support their PBR exemption claim upon request by the Department.

The 2017 CSO Mortality Table became effective January 1, 2020, for new issue reserves and cash values. Supporting documentation is found in VM-20. However, our position remains that neither this table, or the 2001 CSO Mortality 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 2021, we at LDI, brought the statutory valuation and cash value interest rates to the national standard, as per the attached letter. These interest rates took effect January 1, 2022, for new issues.

Louisiana's Rule 8 recognizes the 2012 IAR Mortality Table as the valuation standard for new individual annuity and pure endowments contracts commencing January 1, 2015, and the 1994 GAR Mortality Table for new group annuity issues commencing January 1, 1999.

LDI 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. Regulation 84 was amended in 2021 to recognize the 2017 CSO Mortality Table. 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.

LOUISIANA ACTUARIAL ISSUES UPDATE

2. Regulation 91

Regulation 91, along with Actuarial Guideline 42, recognizes the use of mortality tables by life insurance companies that reflect the differences in mortality between preferred and standard lives in their statutory reserves. **Note, we are granting an exemption from the mortality statistics-reporting requirement for 2023, 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 to allow for the special regulatory characteristics of our Louisiana domestics. **All Louisiana multi-state domestic insurance companies are subject to the asset adequacy analysis requirement.**

4. Regulation 84

Regulation 84 was Louisiana's version of the 2001 CSO Mortality Table Model Regulation. Since the 2017 CSO Mortality Table supplanted the 2001 CSO Mortality Table, this regulation was re-enacted in 2022 to reflect this fact. This amended regulation automatically prescribes the use of any succeeding mortality table.

5. Regulation 85

Regulation 85 is Louisiana's version of Regulation XXX.

6. Actuarial Guideline 53

This guideline advises on the valuation of certain assets when completing an asset adequacy analysis.

7. Other Actuarial Guidelines

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

LOUISIANA 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 12/31/2023 _____ .

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
TIMOTHY J. TEMPLE
COMMISSIONER

January 5, 2024

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..."

Further, under Actuarial Guideline 42, companies may use the 2017 CSO Preferred Class Structure Table in their preferred mortality determination and would in accordance with this regulation be subject to statistical reporting.

Notice is hereby given that the Louisiana Department of Insurance intends to grant exemption from the annual statistical report filing requirement for both the above-mentioned mortality tables for the calendar year ending December 31, 2023.

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

TIMOTHY J. TEMPLE
COMMISSIONER

January 17, 2024

To: All Life Insurance Company Appointed Actuaries

The Society of Actuaries dynamic valuation interest rate calculator has determined that commencing January 1, 2021, the maximum statutory valuation interest rates for newly issued life insurance business with lifetime benefits to be 3.0%, and the non-forfeiture rate to be 3.75%. This letter discusses how Louisiana will prescribe these rates to new single state domestic life insurance companies with home service type business.

Louisiana's current statutory valuation and non-forfeiture standard for single state domestic life insurance companies with home service type business is 4% and 5% respectively. It can be concluded that Louisiana is lagging the national standard by two statutory interest rate changes. This was deliberate on our part because we had hoped to give our single state Louisiana domestics a break in the cost of implementing these revisions. Further, we had anticipated that the then prevailing low bond interest rates might be temporary. However, bond interest rates have been low for some time, and it appears unlikely that, under its interest rate generating formula, that the Society of Actuaries will raise prescribed statutory valuation and non-forfeiture interest rates any time soon. For these reasons, we are changing the prescribed statutory valuation and non-forfeiture interest rates for single state Louisiana domestic new home service type issues commencing January 1, 2022.

A summary of the changes to Louisiana single state domestic home service type life insurance business is as follows:

1. There will be no changes to the prescribed statutory valuation and non-forfeiture interest rates in 2021.
2. Commencing January 1, 2022, the prescribed statutory valuation and non-forfeiture interest rates for new issues will be 3.0% and 3.75% respectively.
3. The mortality standard for new issues remains the 1980 CSO.

These changes will bring Louisiana into consistency with both the national statutory valuation and non-forfeiture standard as well as the prevailing bond interest rate environment. Please feel free to contact me if you have any questions.

Sincerely,

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