

HCS HB 70 -- STANDARD VALUATION LAW

SPONSOR: Gosen

COMMITTEE ACTIONS: Voted "Do Pass with Amendments" by the Standing Committee on Property, Casualty, and Life Insurance by a vote of 9 to 2. Voted "Do Pass with HCS" by the Select Committee on Insurance by a vote of 9 to 1.

This bill establishes the Standard Valuation Law that requires Missouri insurers providing life, accident and health, annuity and pure endowment, or specified deposit policies to meet minimum standards of valuation for their financial reserves based on the valuation manual adopted by the National Association of Insurance Commissioners.

The Director of the Department of Insurance, Financial Institutions and Professional Registration must annually value or cause to be valued the reserves for all outstanding contracts of every company issued on or after the operative date of the valuation manual. The bill contains exceptions for valuation requirements for policies issued prior to the date of the valuation manual and specified time limitations based on the effective date of policies and the provisions of the bill. Every insurer regulated by the department director must annually submit the opinion of the appointed actuary showing compliance with the valuation manual to the department director. The criteria for the actuarial opinion is specified in the bill.

The bill specifies the criteria for the confidentiality of the information used in the valuation opinion submitted to the department director by insurers. This information is exempt from the provisions of the Open Meetings and Records Law, commonly known as the Sunshine Law, and may not be subject to subpoena and cannot be subject to discovery or be admissible in evidence in any private civil action. The department director is authorized to use the confidential information in the furtherance of any regulator or legal action brought against the company as part of his or her official duties. Specified confidential information may be subject to subpoena for the purpose of defending an action seeking damages from the appointed actuary or may otherwise be released with the written consent of the company.

A company that is licensed and doing business in Missouri that has less than \$300 million of ordinary life premium may hold reserves based on the mortality tables and interest rates defined by the valuation manual for net premium reserves using the methodology as specified in the bill as they apply to ordinary life insurance if they meet specified requirements.

PROPONENTS: Supporters say that the bill will establish new reserve policies on life insurance products. Life insurance products from the 1960s have different reserve requirements than products from the 1980s. This will allow for more reliable reserving requirements.

Testifying for the bill were Representative Gosen; American Council of Life Insurance; Prudential and Life Insurance Association of Missouri; and Missouri Insurance Coalition.

OPPONENTS: There was no opposition voiced to the committee.