

Amendment No. (for drafter's use only)

CHAMBER ACTION

Senate

House

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1 Representative Llorente offered the following:

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3 **Amendment (with title amendment)**

4 Between lines 202 and 203, insert:

5 Section 4. Section 625.081, Florida Statutes, is amended
6 to read:

7 625.081 Reserve for health insurance.--For all health
8 insurance policies, the insurer shall maintain an active life
9 reserve which places a sound value on the insurer's liabilities
10 under such policies; is not less than the reserve according to
11 appropriate standards set forth in rules issued by the
12 commission; and, with the exception of credit disability
13 insurance, in no event, is less in the aggregate than the pro
14 rata gross unearned premiums for such policies.

15 Section 5. Paragraphs (a), (e), and (f) of subsection (5)
16 and subsection (13) of section 625.121, Florida Statutes, are

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17 amended, and paragraphs (k) and (l) are added to subsection (5)
18 of said section, to read:

19 625.121 Standard Valuation Law; life insurance.--

20 (5) MINIMUM STANDARD FOR VALUATION OF POLICIES AND
21 CONTRACTS ISSUED ON OR AFTER OPERATIVE DATE OF STANDARD
22 NONFORFEITURE LAW.--Except as otherwise provided in paragraph
23 (h) and subsections (6), (11), and (14), the minimum standard
24 for the valuation of all such policies and contracts issued on
25 or after the operative date of s. 627.476 (Standard
26 Nonforfeiture Law for Life Insurance) shall be the
27 commissioners' reserve valuation method defined in subsections
28 (7), (11), and (14); 5 percent interest for group annuity and
29 pure endowment contracts and 3.5 percent interest for all other
30 such policies and contracts, or in the case of life insurance
31 policies and contracts, other than annuity and pure endowment
32 contracts, issued on or after July 1, 1973, 4 percent interest
33 for such policies issued prior to October 1, 1979, and 4.5
34 percent interest for such policies issued on or after October 1,
35 1979; and the following tables:

36 (a) For all ordinary policies of life insurance issued on
37 the standard basis, excluding any disability and accidental
38 death benefits in such policies:

39 1. For policies issued prior to the operative date of s.
40 627.476(9), the commissioners' 1958 Standard Ordinary Mortality
41 Table; except that, for any category of such policies issued on
42 female risks, modified net premiums and present values, referred
43 to in subsection (7), may be calculated according to an age not

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44 more than 6 years younger than the actual age of the insured. ~~+~~
45 ~~and~~

46 2. For policies issued on or after the operative date of
47 s. 627.476(9), the commissioners' 1980 Standard Ordinary
48 Mortality Table or, at the election of the insurer for any one
49 or more specified plans of life insurance, the commissioners'
50 1980 Standard Ordinary Mortality Table with Ten-Year Select
51 Mortality Factors.

52 3. For policies issued on or after July 1, 2004, ordinary
53 mortality tables, adopted after 1980 by the National Association
54 of Insurance Commissioners, adopted by rule by the Commission
55 for use in determining the minimum standard of valuation for
56 such policies.

57 (e) For total and permanent disability benefits in or
58 supplementary to ordinary policies or contracts:

59 1. For policies or contracts issued on or after January 1,
60 1966, the tables of period 2 disablement rates and the 1930 to
61 1950 termination rates of the 1952 disability study of the
62 Society of Actuaries, with due regard to the type of benefit. ~~+~~

63 2. For policies or contracts issued on or after January 1,
64 1961, and prior to January 1, 1966, either those tables or, at
65 the option of the insurer, the class three disability table
66 (1926). ~~+~~ ~~and~~

67 3. For policies issued prior to January 1, 1961, the class
68 three disability table (1926).

69 4. For policies or contracts issued on or after July 1,
70 2004, tables of disablement rates and termination rates adopted
71 after 1980 by the National Association of Insurance

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72 Commissioners, adopted by rule by the commission for use in
73 determining the minimum standard of valuation for those policies
74 or contracts.

75
76 Any such table for active lives shall be combined with a
77 mortality table permitted for calculating the reserves for life
78 insurance policies.

79 (f) For accidental death benefits in or supplementary to
80 policies:

81 1. For policies issued on or after January 1, 1966, the
82 1959 Accidental Death Benefits Table.~~+~~

83 2. For policies issued on or after January 1, 1961, and
84 prior to January 1, 1966, either that table or, at the option of
85 the insurer, the Intercompany Double Indemnity Mortality Table.~~+~~
86 ~~and~~

87 3. For policies issued prior to January 1, 1961, the
88 Intercompany Double Indemnity Mortality Table.

89 4. For policies issued on or after July 1, 2004, tables of
90 accidental death benefits adopted after 1980 by the National
91 Association of Insurance Commissioners, adopted by rule by the
92 commission for use in determining the minimum standard of
93 valuation for those policies.

94
95 Either table shall be combined with a mortality table permitted
96 for calculating the reserves for life insurance policies.

97 (k) For individual annuity and pure endowment contracts
98 issued on or after July 1, 2004, excluding any disability and
99 accidental death benefits purchased under those contracts,

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100 individual annuity mortality tables adopted after 1980 by the
101 National Association of Insurance Commissioners, adopted by rule
102 by the commission for use in determining the minimum standard of
103 valuation for those contracts.

104
105 (1) For all annuities and pure endowments purchased on or
106 after July 1, 2004, under group annuity and pure endowment
107 contracts, excluding any disability and accidental death
108 benefits purchased under those contracts, group annuity
109 mortality tables adopted after 1980 by the National Association
110 of Insurance Commissioners, adopted by rule by the commission
111 for use in determining the minimum standard of valuation for
112 those contracts.

113 (13) ~~APPLICABILITY TO~~ CREDIT LIFE AND DISABILITY
114 INSURANCE POLICIES.-

115 (a) For policies issued prior to January 1, 2004:

116 1. The minimum reserve for single-premium credit
117 disability insurance, monthly premium credit life insurance, and
118 monthly premium credit disability insurance shall be the
119 unearned gross premium.

120 2. As to single-premium credit life insurance policies,
121 the insurer shall establish and maintain reserves which are not
122 less than the value, at the valuation date, of the risk for the
123 unexpired portion of the period for which the premium has been
124 paid as computed on the basis of the commissioners' 1980
125 Standard Ordinary Mortality Table and 3.5 percent interest. At
126 the discretion of the Office, the insurer may make a reasonable
127 assumption as to the ages at which net premiums are to be

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128 determined. In lieu of the foregoing basis, reserves based upon
129 unearned gross premiums may be used at the option of the
130 insurer.

131 (b) For policies issued on or after January 1, 2004:

132 1. The minimum reserve for single-premium credit
133 disability insurance shall be the unearned gross premium or
134 shall be based upon a morbidity table that is adopted by the
135 National Association of Insurance Commissioners and is specified
136 in a rule the Commission shall adopt pursuant to paragraph (14)
137 of 625.121.

138 2. The minimum reserve for monthly premium credit
139 disability insurance shall be the unearned gross premium.

140 3. The minimum reserve for monthly premium credit life
141 insurance shall be the unearned gross premium.

142 4. As to single-premium credit life insurance policies,
143 the insurer shall establish and maintain reserves which are not
144 less than the value, at the valuation date, of the risk for the
145 unexpired portion of the period for which the premium has been
146 paid as computed on the basis of the commissioners' 1980
147 Standard Ordinary Mortality Table or any ordinary mortality
148 table, adopted after 1980 by the National Association of
149 Insurance Commissioners, that is approved by rule adopted by the
150 commission for use in determining the minimum standard of
151 valuation for such policies, and an interest rate determined in
152 accordance with s. 625.121(6). At the discretion of the office,
153 the insurer may make a reasonable assumption as to the ages at
154 which net premiums are to be determined. In lieu of the
155 foregoing basis, reserves based upon unearned gross premiums may

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156 be used at the option of the insurer ~~This section does not apply~~
157 ~~as to those credit life insurance policies for which reserves~~
158 ~~are computed and maintained as required under s. 625.131.~~

159 Section 6. Section 625.131, Florida Statutes, is repealed.

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161 ===== T I T L E A M E N D M E N T =====

162 Remove line(s) 25 and insert:

163 an insured; providing criteria and limitations; amending s.
164 625.081, F.S.; excepting credit disability insurance from certain
165 health insurance reserve requirements; providing an exception;
166 amending s. 625.121, F.S.; providing additional minimum
167 standards for valuation of insurance policies and contracts;
168 providing minimum reserve requirements for credit life and
169 disability insurance policies; repealing s. 625.031, F.S.;
170 relating to special reserve bases for credit life and disability
171 policies; providing