

Amendment No. (for drafter's use only)

CHAMBER ACTION

Senate

House

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1 Representative Stargel offered the following:

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3 **Amendment to Amendment (832931) (with title amendment)**

4 Between lines 1085 and 1086, insert:

5 Section 41. 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.

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15 Section 42. Paragraphs (a), (e), and (f) of subsection (5)
16 are amended, paragraphs (k) and (l) are added to subsection (13)
17 of section 625.121, Florida Statutes, are amended to read:

18 625.121 Standard Valuation Law; life insurance.--

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

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

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

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43 more than 6 years younger than the actual age of the insured. ~~;~~
44 ~~and~~

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

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

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

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

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

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

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

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

74
75 Any such table for active lives shall be combined with a
76 mortality table permitted for calculating the reserves for life
77 insurance policies.

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

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

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

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

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

93
94 Either table shall be combined with a mortality table permitted
95 for calculating the reserves for life insurance policies.

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

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

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

111 (13) ~~APPLICABILITY TO~~ CREDIT LIFE AND DISABILITY INSURANCE
112 POLICIES.—

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

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

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

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127 unearned gross premiums may be used at the option of the
128 insurer.

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

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

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

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

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

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155 | ~~reserves are computed and maintained as required under s.~~
156 | ~~625.131.~~

157 | Section 43. Paragraph (h) of subsection (9) of section
158 | 627.476, Florida Statutes, is amended to read:

159 | 627.476 Standard Nonforfeiture Law for Life Insurance.--

160 | (9) CALCULATION OF ADJUSTED PREMIUMS AND PRESENT VALUES
161 | FOR POLICIES ISSUED AFTER OPERATIVE DATE OF THIS SUBSECTION.--

162 | (h) All adjusted premiums and present values referred to
163 | in this section shall for all policies of ordinary insurance be
164 | calculated on the basis of the Commissioners' 1980 Standard
165 | Ordinary Mortality Table or, at the election of the insurer for
166 | any one or more specified plans of life insurance, the
167 | Commissioners' 1980 Standard Ordinary Mortality Table with Ten-
168 | Year Select Mortality Factors; shall for all policies of
169 | industrial insurance be calculated on the basis of the
170 | Commissioners' 1961 Standard Industrial Mortality Table; and
171 | shall for all policies issued in a particular calendar year be
172 | calculated on the basis of a rate of interest not exceeding the
173 | nonforfeiture interest rate as defined in this subsection for
174 | policies issued in that calendar year. However:

175 | 1. At the option of the insurer, calculations for all
176 | policies issued in a particular calendar year may be made on the
177 | basis of a rate of interest not exceeding the nonforfeiture
178 | interest rate, as defined in this subsection, for policies
179 | issued in the immediately preceding calendar year.

180 | 2. Under any paid-up nonforfeiture benefit, including any
181 | paid-up dividend additions, any cash surrender value available,
182 | whether or not required by subsection (2), shall be calculated

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183 on the basis of the mortality table and rate of interest used in
184 determining the amount of such paid-up nonforfeiture benefit and
185 paid-up dividend additions, if any.

186 3. An insurer may calculate the amount of any guaranteed
187 paid-up nonforfeiture benefit, including any paid-up additions
188 under the policy, on the basis of an interest rate no lower than
189 that specified in the policy for calculating cash surrender
190 values.

191 4. In calculating the present value of any paid-up term
192 insurance with accompanying pure endowment, if any, offered as a
193 nonforfeiture benefit, the rates of mortality assumed may be not
194 more than those shown in the Commissioners' 1980 Extended Term
195 Insurance Table for policies of ordinary insurance and not more
196 than the Commissioners' 1961 Industrial Extended Term Insurance
197 Table for policies of industrial insurance.

198 5. In lieu of the mortality tables specified in this
199 section, at the option of the insurance company and subject to
200 rules adopted by the commission, the insurance company may
201 substitute:

202 a. The 1958 CSO or CET Smoker and Nonsmoker Mortality
203 Tables, whichever is applicable, for policies issued on or after
204 the operative date of this subsection and before January 1,
205 1989;

206 b. The 1980 CSO or CET Smoker and Nonsmoker Mortality
207 Tables, whichever is applicable, for policies issued on or after
208 the operative date of this subsection;

209 c. A mortality table that is a blend of the sex-distinct
210 1980 CSO or CET mortality table standard, whichever is

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211 applicable, or a mortality table that is a blend of the sex-
212 distinct 1980 CSO or CET smoker and nonsmoker mortality table
213 standards, whichever is applicable, for policies that are
214 subject to the United States Supreme Court decision in *Arizona*
215 *Governing Committee v. Norris* to prevent unfair discrimination
216 in employment situations.

217 6. Ordinary mortality tables, adopted after 1980 by
218 the National Association of Insurance Commissioners, adopted by
219 rule by the commission for use in determining the minimum
220 nonforfeiture standard may be substituted for the Commissioners'
221 1980 Standard Ordinary Mortality Table with or without Ten-Year
222 Select Mortality Factors or for the Commissioners' 1980 Extended
223 Term Insurance Table.

224 ~~7.6.~~ For insurance issued on a substandard basis, the
225 calculation of any such adjusted premiums and present values may
226 be based on appropriate modifications of the aforementioned
227 tables.

228 Section 44. Section 625.131, Florida Statutes, is
229 repealed.

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

231 Remove line(s) 1174 and insert:
232 drug test under certain circumstances; amending s.
233 625.081, F.S.; excepting credit disability insurance from
234 certain health insurance reserve requirements; providing
235 an exception; amending s. 625.121, F.S.; providing
236 additional minimum standards for valuation of insurance
237 policies and contracts; providing reserve requirements for
238 credit life insurance; amending 627.476, F.S.; providing

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239 authority to the Financial Services Commission to adopt an
240 alternative mortality table for valuation of life
241 insurance policies; repealing s. 625.131, F.S.; relating
242 to special reserve bases for credit life and disability
243 policies; amending s. 440.05,