

Bill No. CS for CS for SB 2994, 1st Eng.

Amendment No. ____ Barcode 372192

CHAMBER ACTION

Senate

House

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Senator Alexander moved the following amendment:

Senate Amendment (with title amendment)

On page 83, between lines 11 and 12,

insert:

Section 76. Section 625.081, Florida Statutes, is amended to read:

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

Section 77. Paragraphs (a), (e), and (f) of subsection (5) and subsection (13) of section 625.121, Florida Statutes, are amended, and paragraphs (k) and (l) are added to subsection (5) of that section, to read:

625.121 Standard Valuation Law; life insurance.--

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1 (5) MINIMUM STANDARD FOR VALUATION OF POLICIES AND
2 CONTRACTS ISSUED ON OR AFTER OPERATIVE DATE OF STANDARD
3 NONFORFEITURE LAW.--Except as otherwise provided in paragraph
4 (h) and subsections (6), (11), and (14), the minimum standard
5 for the valuation of all such policies and contracts issued on
6 or after the operative date of s. 627.476 (Standard
7 Nonforfeiture Law for Life Insurance) shall be the
8 commissioners' reserve valuation method defined in subsections
9 (7), (11), and (14); 5 percent interest for group annuity and
10 pure endowment contracts and 3.5 percent interest for all
11 other such policies and contracts, or in the case of life
12 insurance policies and contracts, other than annuity and pure
13 endowment contracts, issued on or after July 1, 1973, 4
14 percent interest for such policies issued prior to October 1,
15 1979, and 4.5 percent interest for such policies issued on or
16 after October 1, 1979; and the following tables:

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

20 1. For policies issued prior to the operative date of
21 s. 627.476(9), the commissioners' 1958 Standard Ordinary
22 Mortality Table; except that, for any category of such
23 policies issued on female risks, modified net premiums and
24 present values, referred to in subsection (7), may be
25 calculated according to an age not more than 6 years younger
26 than the actual age of the insured, ~~and~~

27 2. For policies issued on or after the operative date
28 of s. 627.476(9), the commissioners' 1980 Standard Ordinary
29 Mortality Table or, at the election of the insurer for any one
30 or more specified plans of life insurance, the commissioners'
31 1980 Standard Ordinary Mortality Table with Ten-Year Select

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1 Mortality Factors.

2 3. For policies issued on or after July 1, 2004,
3 ordinary mortality tables, adopted after 1980 by the National
4 Association of Insurance Commissioners, adopted by rule by the
5 commission for use in determining the minimum standard of
6 valuation for such policies.

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

9 1. For policies or contracts issued on or after
10 January 1, 1966, the tables of period 2 disablement rates and
11 the 1930 to 1950 termination rates of the 1952 disability
12 study of the Society of Actuaries, with due regard to the type
13 of benefit;

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

18 3. For policies issued prior to January 1, 1961, the
19 class three disability table (1926); ~~and~~

20 4. For policies or contracts issued on or after July
21 1, 2004, tables of disablement rates and termination rates
22 adopted after 1980 by the National Association of Insurance
23 Commissioners, adopted by rule by the commission for use in
24 determining the minimum standard of valuation for those
25 policies or contracts.

26
27 Any such table for active lives shall be combined with a
28 mortality table permitted for calculating the reserves for
29 life insurance policies.

30 (f) For accidental death benefits in or supplementary
31 to policies:

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1 1. For policies issued on or after January 1, 1966,
2 the 1959 Accidental Death Benefits Table;

3 2. For policies issued on or after January 1, 1961,
4 and prior to January 1, 1966, either that table or, at the
5 option of the insurer, the Intercompany Double Indemnity
6 Mortality Table; ~~and~~

7 3. For policies issued prior to January 1, 1961, the
8 Intercompany Double Indemnity Mortality Table; ~~and-~~

9 4. For policies issued on or after July 1, 2004,
10 tables of accidental death benefits adopted after 1980 by the
11 National Association of Insurance Commissioners, adopted by
12 rule by the commission for use in determining the minimum
13 standard of valuation for those policies.

14
15 Either table shall be combined with a mortality table
16 permitted for calculating the reserves for life insurance
17 policies.

18 (k) For individual annuity and pure endowment
19 contracts issued on or after July 1, 2004, excluding any
20 disability and accidental death benefits purchased under those
21 contracts, individual annuity mortality tables adopted after
22 1980 by the National Association of Insurance Commissioners,
23 adopted by rule by the commission for use in determining the
24 minimum standard of valuation for those contracts.

25 (l) For all annuities and pure endowments purchased on
26 or after July 1, 2004, under group annuity and pure endowment
27 contracts, excluding any disability and accidental death
28 benefits purchased under those contracts, group annuity
29 mortality tables adopted after 1980 by the National
30 Association of Insurance Commissioners, adopted by rule by the
31 commission for use in determining the minimum standard of

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1 valuation for those contracts.

2 (13) ~~APPLICABILITY TO CREDIT LIFE AND DISABILITY~~
3 ~~INSURANCE POLICIES.--~~

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

5 1. The minimum reserve for single-premium credit
6 disability insurance, monthly premium credit life insurance
7 and monthly premium credit disability insurance shall be the
8 unearned gross premium.

9 2. As to single-premium credit life insurance
10 policies, the insurer shall establish and maintain reserves
11 that are not less than the value, at the valuation date, of
12 the risk for the unexpired portion of the period for which the
13 premium has been paid as computed on the basis of the
14 commissioners' 1980 Standard Ordinary Mortality Table and 3.5
15 percent interest. At the discretion of the office, the insurer
16 may make a reasonable assumption as to the ages at which net
17 premiums are to be determined. In lieu of the foregoing basis,
18 reserves based upon unearned gross premiums may be used at the
19 option of the insurer.

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

21 1. The minimum reserve for single-premium credit
22 disability insurance shall be either:

23 a. The unearned gross premium, or

24 b. Based upon a morbidity table that is adopted by the
25 National Association of Insurance Commissioners and is
26 specified in a rule the commission adopts pursuant to
27 subsection (14).

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

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

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1 4. As to single-premium credit life insurance
2 policies, the insurer shall establish and maintain reserves
3 that are not less than the value, at the valuation date, of
4 the risk for the unexpired portion of the period for which the
5 premium has been paid as computed on the basis of the
6 commissioners' 1980 Standard Ordinary Mortality Table or any
7 ordinary mortality table, adopted after 1980 by the National
8 Association of Insurance Commissioners, that is approved by
9 rule adopted by the commission for use in determining the
10 minimum standard of valuation for such policies; and an
11 interest rate determined in accordance with subsection (6). At
12 the discretion of the office, the insurer may make a
13 reasonable assumption as to the ages at which net premiums are
14 to be determined. In lieu of the foregoing basis, reserves
15 based upon unearned gross premiums may be used at the option
16 of the insurer. This section does not apply as to those credit
17 life insurance policies for which reserves are computed and
18 maintained as required under s. 625.131.

19 Section 78. Section 625.131, Florida Statutes, is
20 repealed.

21
22 (Redesignate subsequent sections.)

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24
25 ===== T I T L E A M E N D M E N T =====

26 And the title is amended as follows:

27 On page 4, line 4, after the semicolon,

28
29 insert:

30 amending s. 625.081, F.S.; providing an
31 exception for credit disability insurance from

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1 a health insurance active life reserve
2 requirement; amending s. 625.121, F.S.;
3 providing for valuation of life insurance
4 policies; repealing s. 625.131, F.S., relating
5 to the minimum reserve basis for single-premium
6 credit disability insurance;

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