

PREVAILED	Roll Call No. _____
FAILED	Ayes _____
WITHDRAWN	Noes _____
RULED OUT OF ORDER	

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 1321 be amended to read as follows:

- 1 Page 11, line 29, strike "Any" and insert "**For policies issued:**
2 **(i) before the operative date of the valuation manual**
3 **specified in IC 27-1-12.8-34, any commissioners**
4 **standard".**
- 5 Page 11, line 36, delete "." and insert "; or
6 **(ii) on or after the operative date of the valuation manual**
7 **specified in IC 27-1-12.8-34, the valuation manual must**
8 **provide the commissioners standard ordinary mortality**
9 **table for use in determining the minimum nonforfeiture**
10 **standard that may be substituted for the Commissioners**
11 **1980 Standard Ordinary Mortality Table with or**
12 **without Ten-Year Select Mortality Factors or for the**
13 **Commissioners 1980 Extended Term Insurance Table. If**
14 **the commissioner adopts a rule under IC 4-22-2 to**
15 **approve any commissioners standard ordinary mortality**
16 **table adopted by the National Association of Insurance**
17 **Commissioners for use in determining the minimum**
18 **nonforfeiture standard for policies issued on or after the**
19 **operative date of the valuation manual, that minimum**
20 **nonforfeiture standard supersedes the minimum**
21 **nonforfeiture standard provided by the valuation**
22 **manual."**
- 23 Page 11, line 37, strike "Any" and insert "**For policies issued:**
24 **(i) before the operative date of the valuation manual**

- 1 specified in IC 27-1-12.8-34, any commissioners
 2 standard".
- 3 Page 12, line 1, delete "." and insert "; or
- 4 (ii) on or after the operative date of the valuation manual
 5 specified in IC 27-1-12.8-34, the valuation manual must
 6 provide the commissioners standard industrial mortality
 7 table for use in determining the minimum nonforfeiture
 8 standard that may be substituted for the Commissioners
 9 1961 Standard Industrial Mortality Table or the
 10 Commissioners 1961 Industrial Extended Term
 11 Insurance Table. If the commissioner adopts a rule
 12 under IC 4-22-2 to approve any commissioners standard
 13 industrial mortality table adopted by the National
 14 Association of Insurance Commissioners for use in
 15 determining the minimum nonforfeiture standard for
 16 policies issued on or after the operative date of the
 17 valuation manual, that minimum nonforfeiture standard
 18 supersedes the minimum nonforfeiture standard
 19 provided by the valuation manual."
- 20 Page 12, line 3, after "be" insert "as follows:
- 21 (A) For policies issued before the operative date of the
 22 valuation manual specified in IC 27-1-12.8-34,"
- 23 Page 12, between lines 6 and 7, begin a new line double block
 24 indented and insert:
- 25 "(B) For policies issued on or after the operative date of the
 26 valuation manual specified in IC 27-1-12.8-34, the
 27 nonforfeiture interest rate per annum for a policy issued in
 28 a particular calendar year must be provided by the
 29 valuation manual."
- 30 Page 30, between lines 20 and 21, begin a new paragraph and insert:
- 31 "SECTION 6. IC 27-1-12-10.1 IS REPEALED [EFFECTIVE JULY
 32 1, 2013]. Sec. 10.1. (a) As used in this section, "qualified actuary"
 33 means a member in good standing of the American Academy of
 34 Actuaries who meets any requirements the commissioner may establish
 35 in rules adopted under IC 4-22-2 as a prerequisite to offering the
 36 opinions required by this section.
- 37 (b) Each life insurance company doing business in Indiana shall
 38 annually submit to the department the opinion of a qualified actuary as
 39 to whether the reserves and related actuarial items held by the life
 40 insurance company in support of the policies and contracts specified by
 41 the commissioner by rules adopted under IC 4-22-2:
- 42 (1) are computed appropriately;
- 43 (2) are based on assumptions that satisfy contractual provisions;
- 44 (3) are consistent with prior reported amounts; and
- 45 (4) comply with applicable laws of Indiana.
- 46 The commissioner shall adopt rules under IC 4-22-2 to implement this

1 section. The rules adopted by the commissioner must specify the
 2 information to be included in an actuary's opinion submitted under this
 3 section and may require the inclusion in the opinion of any other items
 4 of information that the commissioner considers necessary to the scope
 5 of the opinion:

6 (c) Unless it is exempted by a rule adopted by the commissioner
 7 under IC 4-22-2, a life insurance company doing business in Indiana
 8 shall include with the actuary's opinion submitted under subsection (b)
 9 an opinion by the same qualified actuary. The opinion required under
 10 this subsection shall state whether the reserves and related actuarial
 11 items held by the life insurance company in support of the policies and
 12 contracts specified by the commissioner by rules adopted under
 13 IC 4-22-2 make adequate provision for the obligations of the company
 14 under the policies and contracts, including but not limited to:

15 (1) the benefits under; and

16 (2) the expenses associated with;

17 the policies and contracts of the life insurance company. In making the
 18 determination required under this subsection, the qualified actuary
 19 shall consider the assets held by the company with respect to reserves
 20 and related actuarial items, including but not limited to investment
 21 earnings on the assets and the considerations anticipated to be received
 22 and retained under the policies and contracts:

23 (d) The commissioner, in rules adopted under IC 4-22-2, may
 24 provide for a transition period for establishing any higher reserves that
 25 the qualified actuary may consider necessary in order to render the
 26 opinion required by this section:

27 (e) The following requirements apply to the actuary's opinion
 28 required by subsection (c):

29 (1) A memorandum, which meets all requirements that the
 30 commissioner may establish by rules adopted under IC 4-22-2
 31 concerning form and content, shall be prepared to support each
 32 actuarial opinion:

33 (2) If:

34 (A) the life insurance company fails to provide a supporting
 35 memorandum at the request of the commissioner within a
 36 period specified by rules adopted by the commissioner under
 37 IC 4-22-2; or

38 (B) the commissioner determines that the supporting
 39 memorandum provided by the life insurance company does not
 40 meet the standards set forth in rules adopted by the
 41 commissioner under IC 4-22-2 or is otherwise unacceptable to
 42 the commissioner;

43 the commissioner may engage a qualified actuary at the expense
 44 of the life insurance company to review the opinion and the basis
 45 for the opinion and to prepare a supporting memorandum, if a
 46 supporting memorandum is required by the commissioner:

1 (f) The following requirements apply to every opinion under this
2 section:

3 (1) The opinion shall be submitted with the annual statement of
4 the life insurance company and must reflect the valuation of
5 reserve liabilities for each year ending after December 31, 1994.

6 (2) The opinion must apply to all business in force, including
7 individual and group health insurance plans, and must meet all
8 requirements that the commissioner may establish concerning
9 form and content by rules adopted under IC 4-22-2.

10 (3) The opinion must be based on standards adopted periodically
11 by the Actuarial Standards Board and on additional standards that
12 the commissioner may prescribe by rules adopted under
13 IC 4-22-2.

14 (4) In the case of an opinion required to be submitted by a foreign
15 or an alien life insurance company, the commissioner may accept
16 the opinion filed by that company with the insurance supervisory
17 official of another state if the commissioner determines that the
18 opinion reasonably meets the requirements applicable to a
19 company domiciled in Indiana.

20 (g) Except in cases of fraud or willful misconduct, a qualified
21 actuary who provides an opinion required by this section is not liable
22 for damages to any person other than:

- 23 (1) the life insurance company for which the opinion is offered;
24 and
25 (2) the commissioner;

26 for any act, error, omission, decision, or conduct with respect to the
27 actuary's opinion.

28 (h) The rules adopted by the commissioner under IC 4-22-2 to
29 implement this section shall provide for disciplinary action against a
30 life insurance company or a qualified actuary who violates this section
31 or the rules adopted under this section.

32 (i) Except as provided in subsections (j) and (k), a memorandum
33 submitted by a life insurance company in support of an opinion
34 required by this section and any other material provided to the
35 commissioner by the company in connection with the memorandum:

- 36 (1) are declared confidential for the purposes of
37 IC 5-14-3-4(a)(1);
38 (2) shall be kept confidential by the commissioner; and
39 (3) are not subject to subpoena;

40 other than for the purpose of defending an action seeking damages
41 from any person by reason of any action required by this section or
42 rules adopted under this section.

43 (j) A memorandum submitted by a life insurance company in
44 support of an opinion required by this section and material provided to
45 the commissioner by the company in connection with the memorandum
46 may be released by the commissioner:

- 1 (1) with the written consent of the life insurance company; or
 2 (2) to the American Academy of Actuaries in response to a
 3 written request that:
- 4 (A) states that the memorandum or other material is required
 5 for the purpose of professional disciplinary proceedings; and
 6 (B) sets forth procedures satisfactory to the commissioner for
 7 preserving the confidentiality of the memorandum or other
 8 material.
- 9 (k) Whenever any portion of a memorandum submitted to the
 10 commissioner by a life insurance company in support of an opinion
 11 required by this section:
- 12 (1) is cited by the company in its marketing;
 13 (2) is cited before any governmental agency other than a state
 14 insurance department; or
 15 (3) is released by the company to the news media;
 16 all portions of the memorandum are no longer confidential.
- 17 (†) The commissioner shall adopt rules under IC 4-22-2 containing
 18 the minimum standards for the valuation of health plans".
- 19 Page 33, line 20, delete "As" and insert "(a) Before the operative
 20 date of the valuation manual specified in section 34 of this chapter,
 21 as".
- 22 Page 33, line 22, after "IC 27-1-5-1" insert "**(b) On and after the operative date of the valuation manual specified in section 34 of this chapter, as used in this chapter, "accident and sickness insurance" means insurance described in Class 1(b), Class 1(c)(2), or Class 2(a) of IC 27-1-5-1".**
- 23 Page 33, line 24, delete "As" and insert "(a) Before the operative
 24 date of the valuation manual specified in section 34 of this chapter,
 25 as".
- 26 Page 33, line 25, after "appointed" insert "**to prepare an actuarial
 27 opinion required by sections 21 and 22 of this chapter.**
- 28 (b) On and after the operative date of the valuation manual
 29 specified in section 34 of this chapter, as used in this chapter,
 30 "appointed actuary" means a qualified actuary who is appointed".
- 31 Page 33, line 27, delete "sections 21, 22, and" and insert "section".
- 32 Page 34, line 29, delete "35(b)(2)" and insert "**35(c)(2)**".
- 33 Page 34, line 38, delete "35(b)(3)" and insert "**35(c)(3)**".
- 34 Page 35, line 36, delete "As" and insert "(a) Before the operative
 35 date of the valuation manual specified in section 34 of this chapter,
 36 as".
- 37 Page 35, line 37, after "risk" insert "**(b) On and after the operative date of the valuation manual specified in section 34 of this chapter, as used in this chapter, "deposit type contract" means a contract that does not incorporate mortality or morbidity risk".**
- 38 Page 36, line 3, delete "As" and insert "(a) Before the operative
 39 date of the valuation manual specified in section 34 of this chapter,
 40 as".
- 41 Page 35, line 37, after "risk" insert "**(b) On and after the operative date of the valuation manual specified in section 34 of this chapter, as used in this chapter, "deposit type contract" means a contract that does not incorporate mortality or morbidity risk".**
- 42 Page 36, line 3, delete "As" and insert "(a) Before the operative
 43 date of the valuation manual specified in section 34 of this chapter,
 44 as".
- 45 Page 36, line 3, delete "As" and insert "(a) Before the operative
 46 date of the valuation manual specified in section 34 of this chapter,
 47 as".

- 1 **date of the valuation manual specified in section 34 of this chapter,**
 2 **as".**
- 3 Page 36, line 5, delete "," and insert ".
- 4 **(b) On and after the operative date of the valuation manual**
 5 **specified in section 34 of this chapter, as used in this chapter, "life**
 6 **insurance" means insurance under a contract that incorporates**
 7 **mortality risk, including annuity and pure endowment contracts,".**
- 8 Page 36, line 42, delete "As" and insert "**On and after the**
 9 **operative date of the valuation manual specified in section 34 of**
 10 **this chapter, as".**
- 11 Page 37, line 6, delete "As" and insert "**(a) Before the operative**
 12 **date of the valuation manual specified in section 34 of this chapter,**
 13 **as".**
- 14 Page 37, line 7, delete ":" and insert "**is qualified to sign the**
 15 **applicable statement of actuarial opinion in accordance with the**
 16 **American Academy of Actuaries qualification standards.**
- 17 **(b) On and after the operative date of the valuation manual**
 18 **specified in section 34 of this chapter, as used in this chapter,**
 19 **"qualified actuary" means an individual who:".**
- 20 Page 46, line 22, delete "July 1, 2013, is the minimum standard set
 21 forth in the" and insert "**the operative date of the valuation manual**
 22 **specified in section 34 of this chapter and on or".**
- 23 Page 46, delete lines 23 through 25.
- 24 Page 46, run in lines 22 through 26.
- 25 Page 46, line 40, delete "(c)" and insert "**(b)".**
- 26 Page 46, line 41, delete "(b)," and insert "**(a),".**
- 27 Page 49, line 27, after "," insert "**and before the operative date of**
 28 **the valuation manual specified in section 34 of this chapter,".**
- 29 Page 62, line 33, delete "35(b)(3)" and insert "**35(c)(3)".**
- 30 Page 63, line 28, delete "(i)" and insert "**(A)".**
- 31 Page 63, line 29, delete "(ii)" and insert "**(B)".**
- 32 Page 63, line 30, delete "(iii)" and insert "**(C)".**
- 33 Page 64, line 16, after "(a)" insert "**This section applies on and**
 34 **after the operative date of the valuation manual specified in section**
 35 **34 of this chapter.**
- 36 **(b)".**
- 37 Page 65, line 7, delete "(b)" and insert "**(c)".**
- 38 Page 65, line 27, delete "(c)" and insert "**(d)".**
- 39 Page 65, line 29, delete "A" and insert "**On and after the operative**
 40 **date of the valuation manual specified in section 34 of this chapter,**
 41 **a".**
- 42 Page 67, line 12, delete "35(b)(3)" and insert "**35(c)(3)".**
- 43 Page 67, line 18, delete "35(b)(3)" and insert "**35(c)(3)".**
- 44 Page 68, line 19, delete "An" and insert "**If the insured notifies the**
 45 **insurer of the newly acquired motor vehicle within the periods**
 46 **specified in subdivisions (1) and (2), an".**

- 1 Renumber all SECTIONS consecutively.
(Reference is to HB 1321 as printed February 12, 2013.)

Representative Lehman