

# **LOUISIANA DEPARTMENT OF INSURANCE**

## **2017 ANNUAL STATEMENT MAILOUT (FOR YEAR ENDED 12/31/2017)**

# **ATTN: ALL APPOINTED ACTUARIES**

## **LOUISIANA ACTUARIAL ISSUES UPDATE**

### **DECEMBER 31, 2017 REQUIREMENTS**

During 2016, the state legislative approval conditions to render principle based actuarial (PBA) effective were met. This requirement, along with Louisiana's promulgation of the Standard Valuation Law that recognizes PBA, render the requirements of PBA now in effect in Louisiana. Louisiana single state domestics should review the requirements of PBA for applicability to their company. Multi-state Louisiana domestics should review the requirements of PBA as it pertains to both Louisiana and any other state in which they conduct business.

The 2017 CSO Mortality Table became effective for new issue reserves and cash values on an optional basis commencing January 1, 2017, and on a mandatory basis commencing January 20, 2020. Supporting documentation is found in PBA reference VM-20. Since the passage of PBA recognizes VM-20, and any modifications to it, we believe that it is not necessary to promulgate supporting regulation to recognize the 2017 CSO Mortality Table. However, our position remains that regardless of the appropriateness of either the 2001 CSO or 2017 CSO tables as a reserve standard for traditional life insurance, neither table will produce adequate reserves for industrial, pre-need and home service products. **Therefore, the reserving mortality standard for home service, pre-need and industrial business remains the 1980 CSO Ultimate Mortality Table (as discussed below).**

In 2014, the Louisiana Department of Insurance amended Rule 8 to recognize the 2012 IAR mortality table to be effective for annuities and pure endowments issued on or after January 1, 2015.

In addition, we promulgated the most recent version of Regulation 96 in October of 2008, Regulation 91 in March of 2007, Regulation 47 (re-enacted) in July of 2005 (with a clarification modification in December of 2010), Regulation 84 in September of 2005 and Regulation 85 in September of 2005. These regulations are discussed herein.

#### 1. Regulation 96

Regulation 96 establishes the 1980 CSO Ultimate Mortality Table as the valuation basis for pre-need and other similar type contracts as clarified in this regulation and will apply to such policies on or after January 1, 2009.

## LOUISIANA ACTUARIAL ISSUES UPDATE

### 2. Regulation 91

Regulation 91 recognizes, presents and permits the use of mortality tables by life insurance companies that reflect the differences in mortality between preferred and standard lives in their statutory reserve determinations. **Note that we are granting an exemption from the mortality statistics reporting requirement for 2017, as per the enclosed letter.**

### 3. Regulation 47 (re-enacted)

Regulation 47 (re-enacted) is Louisiana's version of the NAIC's April 2010 Actuarial Opinion and Memorandum Regulation model (MDL-822). Regulation 47 (re-enacted) varies from the NAIC model so as to allow for the special regulatory characteristics of our Louisiana domestics. These special considerations are discussed further in the attached letter addressed to all life insurance company appointed actuaries, dated November 21, 2005. **However, it should be noted that all Louisiana multi-state domestic insurance companies are subject to the standard asset adequacy analysis requirement of the regulation.**

### 4. Regulation 84

Regulation 84 is Louisiana's version of the 2001 CSO Mortality Table Model Regulation. As mentioned above, the 2001 CSO Mortality Table is in the process of being supplanted by the 2017 CSO Mortality Table as a reserving standard for new issues. Reference is given to the attached letter addressed to all life insurance company appointed actuaries, dated November 21, 2005.

### 5. Regulation 85

Regulation 85 is Louisiana's version of Regulation XXX. It conforms to the NAIC model without adjustment.

## LOUISIANA ACTUARIAL ISSUES UPDATE

### 6. Actuarial Guideline XXXII

Originally, the intent of the guideline was to introduce the immediate payment of death claims assumption in the statutory reserve formula over five years in increasing increments of 20% per year commencing with the December 31, 1996 reserves on business issued prior to January 1, 1996. However, since December 31, 1997, we capped the increase at 40% on business issued prior to January 1, 1996, with the full reserve being required for issues following that date.

**Commencing December 31, 2017, we have modified our position. For the December 31, 2017, reporting we require that at least 60% of the immediate payment of death claim's reserve be reported on business issued prior to January 1, 1996, with the full reserve being reported for issues following that date. Further, it is our intention to phase in this reserve requirement to full reserve reporting in the subsequent two years.**

Reasonable approximations are acceptable. Further, we mandate that this reserve value be shown explicitly in the various actuarial reports .

### 7. Other Actuarial Guidelines

All other Actuarial Guidelines are as per the NAIC Accounting Practices and Procedures Manual.

### 8. Annuity Valuation Tables

Louisiana Rule 8 was amended to include the use of the 2012 IAR mortality table for individual annuity issues commencing January 1, 2015, with the 1994 GAR table being effective for group annuity issues commencing January 1, 1999.

**LOUISIANA DEPARTMENT OF INSURANCE (LDI)**  
**ACTUARIAL PACKET**  
**DOMESTIC LIFE, HEALTH & HMO INSURANCE COMPANIES**  
**FOR YEAR ENDING DECEMBER 31, 2017**

**These requirements are applicable to all domestic life, industrial, service, non-profit, fraternal, health indemnity and HMO insurance companies.**

To complete the LDI annual actuarial compliance submission. **(Email submissions, in whole or in part, will be accepted.)** Please note the following:

1. This data should be filed at the same time as your annual statement. Filings after March 1, 2018, will be considered late and subject to a fine and/or other regulatory action.
2. Non-profit companies with no industrial business are exempt from filing actuarial opinions and data for the year ending December 31, 2017. All non-profit companies with industrial business must file all of the required actuarial data.
3. **ALL OTHER DOMESTIC LIFE COMPANIES MUST FILE ALL REQUIRED DATA, INCLUDING THE ACTUARIAL OPINION!!!** The actuarial opinion must be attached to page 1 of the annual statement and a copy of it included with the actuarial compliance submission.
4. **All domestic life companies should be familiar with LDI Regulation 47 (re-enacted). This regulation can be obtained from your appointed actuary or by contacting Rod Friedy, FSA, MAAA, Director of Life Actuarial Services, at LDI (Phone (225) 342-4656 or email: rfriedy@ldi.la.gov). Your appointed actuary will assist you with the specifics of the December 31, 2017 filing requirements.**
5. All HMO's should include information that supports the determination of both the covered and uncovered claim liability as presented in the HMO-Associated Edition Annual Statement.
6. A review of all domestic life insurance company submitted December 31, 2017 valuations will be completed in 2018 by the LDI actuarial department for the purpose of issuing valuation certificates.
7. Copies of all records must be retained in your office for six years.

**LOUISIANA DEPARTMENT OF INSURANCE**

**C H E C K L I S T**

Attach the following label (Checklist) to the envelope in which you file the actuarial data for the year ended December 31, 2017. Fasten securely with glue or tape. Include this package with the annual statement filing. The actuarial data is due on March 1, 2018, along with your annual statement.

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**To: ATTENTION: Director of Life Actuarial Services**

**Louisiana Department of Insurance  
Office of Financial Solvency  
Post Office Box 94214  
Baton Rouge, La 70804**

From:

*Type company name and address above.*

**Inventory Checklist**

<u>Item</u>	<u>Num of Pages</u>	<u>Form</u>
1	_____	Plan Code Definitions
2	_____	Plan Summary
3	_____	Five Year Trend Study
4	_____	Certification of Trend Study
5	_____	Affirmation of Insurance In Force
6	_____	Actuarial Opinion
7	_____	Exemption from asset adequacy Worksheet
8	_____	Non-Guaranteed Element Statement
9	_____	Universal Life Certification
10	_____	Registered Policy Certification
11	_____	Letter appointing actuary (If not previously submitted)
12	_____	Other

**LOUISIANA DEPARTMENT OF INSURANCE (LDI)  
DECEMBER 31, 2017 APPOINTED ACTUARY NOTIFICATION**

**REGULATION 47 (RE-ENACTED)**

LDI Regulation 47 (re-enacted) requires that each company submit a statement of actuarial opinion (SAO), signed and dated by the appointed actuary. The prior regulation required the filing to be either a Section 7 or Section 8 SAO. Regulation 47 (re-enacted) requires an asset adequacy analysis unless the company meets our specified exemption criteria. (We specify the exemption criteria each year.) **For December 31, 2017, the specified exemption is equivalent to the former Section 7 Exemption (now called an exemption from asset adequacy).** Multi-state domestic life insurance companies must complete the **standard** asset adequacy analysis. Companies requesting an asset adequacy exemption must complete the 2017 “Exemption from Asset Adequacy Testing” form.

**STATEMENT OF ACTUARIAL OPINION**

The SAO should, as a minimum, attest to the following:

- (i) Aggregate reserves for policies and contracts included in Exhibit 5.
- (ii) Aggregate reserves for policies and contracts included in Exhibit 6.
- (iii) Aggregate reserves for deposit funds, premiums, dividend and coupon accumulations and supplementary contracts not involving life or disability contingencies included in Exhibit 7.
- (iv) Policy and Contract Claims-Liability end of Current Year included in Exhibit 8, Part 1.

The SAO is normally due March 1, 2018. However, if LDI grants an asset adequacy deferral (to August 1, 2018) then, in the interim, a non-asset adequacy SAO should be completed and submitted by March 1, 2018.

**STATEMENT OF RELIANCE**

There should be a statement of reliance from anyone that the appointed actuary specifies dependence on in forming the SAO. It should identify the scope of the work, the responsible person for it. The person performing the work should sign and date it.

**FIVE YEAR TREND STUDY**

The actuary must certify to the Company’s Five Year Reserve Trend Study. This study must provide summary totals by mortality table, interest rate and reserve method for yearend 2016. **In addition, explain any trend distortion due to a change in valuation basis by way of an explanatory note.**

The study should include, as appropriate, the following:

- (a) Number of policies.
- (b) Gross premium.
- (c) Net premium.
- (d) Amount of insurance.
- (e) Statutory reserve.
- (f) 100% reserves if different from (e).
- (g) Reserve per one thousand dollars of insurance.
- (h) Gross premium per one thousand dollars of insurance coverage.

## NOTICE TO THE APPOINTED ACTUARY

### PLAN STUDY

The company must submit a Plan Study. It is to detail the number of policies, amount of coverage and, reserves by plan code.

Note: The insurance coverage and statutory reserve totals must equal the corresponding amounts shown in the annual statement.

### PLAN CODE DEFINITIONS

The company must submit the Plan Code Definition document, which details the type of coverage, statutory reserve basis and, premium payment structure for each unique plan code.

### AFFIDAVIT OF INFORCE

The company is to provide an Affidavit of Inforce attesting to the accuracy of the company's insurance inforce, signed by a responsible company official, kept on file for six years and, made available to LDI.

### SMALL GROUPS AND COMMUNITY RATING REQUIREMENTS

There are no longer small group health insurer community rating compliance annual certification requirements. LRS 22:1094B is now a general requirement that the Louisiana health insurers certify to their overall rating practices. This requirement pertains directly to rate filing and is not part of this mail out package.

### NON-GUARANTEED ELEMENT STATEMENT

All companies should complete the "Non-Guaranteed Element Statement" form.

### REGISTERED POLICIES

All companies should complete the attached "Registered Policy" form if they issue any registered policies in the state of Louisiana. LRS 22:809 of the Louisiana Insurance Code details the registered policy requirement.

### UNIVERSAL LIFE

All domestic life and health companies must complete the attached "Universal Life" form. Universal Life policies are defined in accordance with Louisiana Regulation 36.

#### NOTE:

**This reporting structure presents a guideline of what we at the Louisiana Department of Insurance believe we need in order to assess a company's statutory reserve liability. We will accept modifications (without content distortion).**



**LOUISIANA DEPARTMENT OF INSURANCE  
LIFE AND HEALTH COMPANIES  
PLAN SUMMARY FOR YEAR ENDING DEC. 31, 2017**

**COMPANY**

**INSURANCE TYPE: [Industrial] [Ordinary] [Credit] [Group]**

**RESERVE BASIS (or TOTAL PAGE)**

1 PLAN CODE	2 POLICY COUNT	3 GROSS PREMIUM	INSURANCE IN FORCE OR ANNUITY FUND VALUE	5 100% RESERVES	6 RESERVES	7 RES/THOUS
A						
B						
C						
D						
E						
F						
G						
H						
I						
J						
K						
L						
<b>TOTALS</b>						

**LOUISIANA DEPARTMENT OF INSURANCE  
LIFE AND HEALTH COMPANIES  
FIVE YEAR TREND STUDY FOR YEAR ENDING DECEMBER 31, 2017**

**COMPANY**

**INSURANCE TYPE:** Industrial, Ordinary, Credit, Group, Annuity, Universal Life Circle one  
 Supple Contr., Accidental Death, Dis. Act, Dis. Dis, Misc.  
 Exh 5, Exh 6, Exh 7, Exh 8, Pt 1  
 Burial, Cash **INDUSTRIAL COMPANIES ONLY - Circle one**

1 YEAR	2 POLICY COUNT	3 GROSS PREM.	INSURANCE IN FORCE OR ANNUITY FUND VALUE	5 RES.	6 RES./ THOUS	7 110% RESERVES	8 YEAR
RESERVES BASIS (or TOTALS)							
17							17
16							16
15							15
14							14
13							13
RESERVES BASIS (or TOTALS)							
17							17
16							16
15							15
14							14
13							13
RESERVES BASIS (or TOTALS)							
17							17
16							16
15							15
14							14
13							13

Louisiana Department of Insurance

**RESERVE TREND STUDY CERTIFICATION**

I hereby certify that \_\_\_\_\_ Insurance Company has been furnished with a Five Year Reserve Trend Study as required by the Louisiana Insurance Department. As of December 31, 2017, the grand total insurance in force (before adjustments for reinsurance) is \$ \_\_\_\_\_ and the total reserves (Exhibit 5 - after adjustments for reinsurance) is \$ \_\_\_\_\_. This latter value should be equal to corresponding items in the Company's annual statement (page 22, line 23, column 1 and page 3, line 1).

\_\_\_\_\_  
Date

\_\_\_\_\_  
Actuary

Louisiana Department of Insurance

AFFIRMATION OF INSURANCE IN FORCE

I hereby affirm that the listings and summaries of policies in force for \_\_\_\_\_ Life Insurance Company as of December 31, 2017, prepared for and submitted to \_\_\_\_\_

NAME OF ACTUARY

were prepared under my direction and, to the best of my knowledge and belief, are substantially accurate and complete.

These detailed in force listings, including related summaries, will be kept for a period of six years in the files at the Administrative Office of the Company and will be made available to the Office of the Commissioner of Insurance upon request.

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
NAME

\_\_\_\_\_  
TITLE OF COMPANY OFFICER

## LOUISIANA DEPARTMENT OF INSURANCE

### INSTRUCTIONS FOR RECORDING DETAILED RESERVES FOR LIFE AND HEALTH COMPANIES

Each company is required to maintain a policy data file consisting of one record for each policy issued (seriatim) in an electronic data processing medium. As a minimum, each policy record should include the following items of information:

Name of Insured  
Policy Number  
Base or Rider  
Policy Issue Date  
Status (active, lapsed, surrendered, RPU, ETI, expired, claim)  
Paid to Date  
Expiry Date  
Plan Code  
Sex(es)  
Date(s) of Birth  
Gross Modal Premium  
Frequency of Premium Payment  
Face Amount  
Insurance in force  
Units  
Reserve  
Fund Value  
Cash Value  
Valuation Method  
Mortality Table  
Valuation Interest Rate

**LOUISIANA DEPARTMENT OF INSURANCE**  
**2017 Annual Statement Actuarial Review - Domestic Life Insurance Company**

NAIC  
NUMBER

INSURANCE COMPANY NAME

<b>EXEMPTION FROM ASSET ADEQUACY TESTING</b>				
<b>FOR YEAR ENDING DEC. 31 2017 for _____</b>				
Line No.	Annual Stmt	Item Description	2017	
1	Page 2, L 28	Admitted Assets		
2		Category Class		
3	Page 3, L 38	Capital + Surplus		
4	Page 2, L 12	Cash + Invested assets		
5		Ratio #1 (L3 ÷ L4)		
6A	Exh. 5	Annuity Reserves		
6B	Exh. 7, L 14	Deposit Funds		
7		Ratio #2 (L6A+L6B) ÷ L1		
8	Page SI07 10.3-10.6, col. 7	Book value of non-investment grade bonds		
9		Ratio #3 (L8 ÷ L3)		
Has the NAIC Analyst Team designated the company category A or B				
Summary Information:				
		Exemption Criteria		
Category Class		A	B	C
Ratio #1	>	.10	.07	.05
Ratio #2	<	.30	.40	.50
Ratio #3	<	.50	.50	.50
Is the Company Exempt? Y/N				
Test: The Company is exempt if Ratio #1 is greater than the exemption criteria, Ratios #2 & #3 are less than the exemption criteria and the company does not have an Analyst Team designation.				

Note : The Commissioner may specifically indicate that the exemption is not to be allowed.

Category A - Admitted assets of \$20,000,000 or less

Category B - Admitted assets of \$20,000,000 to \$100,000,000

Category C - Admitted assets of \$100,000,000 to \$500,000,000

Category D - Admitted assets of over \$500,000,000

**ATTENTION DOMESTIC AND FOREIGN LIFE INSURANCE COMPANIES**

**UNIVERSAL LIFE POLICIES**

Please complete the following form:

Name of Company: \_\_\_\_\_

NAIC Number: \_\_\_\_\_

1. As of December 31, 2017 did your company have any universal life policies in force as defined in Louisiana Regulation 36, \_\_\_\_\_ YES \_\_\_\_\_ NO

2. If the answer to (1) is yes, is your universal life business reserved in accordance with Louisiana Regulation 36, \_\_\_\_\_ YES \_\_\_\_\_ NO

3. If the answer to (1) is yes, then please attach a list of your universal life plan codes from your plan study.

I hereby certify that the above information is correct.

\_\_\_\_\_  
Appointed Actuary for the Company

\_\_\_\_\_  
Date

**ATTENTION DOMESTIC AND FOREIGN LIFE INSURANCE COMPANIES**

**REGISTERED POLICIES**

Please complete the following form:

Name of Company: \_\_\_\_\_

NAIC Number: \_\_\_\_\_

1. Any issued Registered Policies as defined in La. R.S. 22:809  YES  NO

2. If the answer to the above is yes, then complete the following:

a. Plan codes offering registered policies \_\_\_\_\_ .

b. Number of registered policies issued \_\_\_\_\_ .

c. Total in-force of registered policies \_\_\_\_\_ .

d. Statutory reserves of all registered policies as of 12/31/2017 \_\_\_\_\_ .

3. Have you deposited with the Commissioner of Insurance funds equal to the legal reserve for the registered policies  YES  NO

I hereby certify the above information is correct.

\_\_\_\_\_  
Officer of the Company

\_\_\_\_\_  
Date



**ATTENTION DOMESTIC AND FOREIGN LIFE INSURANCE COMPANIES**

**NON-GUARANTEED ELEMENT STATEMENT**

Please complete the following form:

Name of Company: \_\_\_\_\_

NAIC Number: \_\_\_\_\_

1. Did your company have any policies in force on December 31, 2017, with non-guaranteed elements, \_\_\_\_\_ YES \_\_\_\_\_ NO?

2. If the answer to (1) is yes, please complete and attach a non-guaranteed element statement.

I hereby certify that the above information is correct.

\_\_\_\_\_  
Appointed Actuary for the Company

\_\_\_\_\_  
Date



LOUISIANA DEPARTMENT OF INSURANCE  
JAMES J. DONELON  
COMMISSIONER

December 18, 2017

To: All Domestic and Foreign Louisiana Life Insurance Companies

In accordance with Section 11909C of Louisiana's Regulation 91: "Unless exempted by the Commissioner, every authorized insurer using the 2001 CSO Preferred Class Structure Table shall annually file with the Commissioner, with the NAIC, or with a statistical agent designated by the NAIC and acceptable to the Commissioner, statistical reports showing mortality and such other information as the Commissioner may deem necessary or expedient for the administration of the provisions of this regulation..."

Notice is hereby given that for the calendar year ending December 31, 2017, the Louisiana Department of Insurance intends to grant the above mentioned exemption from the filing of the associated annual statistical reports.

Please feel free to contact us if any further clarification is needed.

Sincerely,

A handwritten signature in blue ink that reads "Rodney E. Friedy".

Rodney E. Friedy, FSA, MAAA  
Director of Life Actuarial Services



LOUISIANA DEPARTMENT OF INSURANCE  
JAMES J. DONELON  
COMMISSIONER

December 17, 2012

To: All Life Insurance Company Appointed Actuaries

Commencing January 1, 2013, the dynamic valuation interest rate calculator has determined that the maximum statutory valuation interest rate for newly issued life insurance business with lifetime benefits to be 3.5%, supplanting the 4% standard. In Louisiana, this new standard will apply to fully underwritten business while an alternative standard will apply to limited underwritten policies such as pre-need coverage.

LRS 22:753B(3)(a) of the Louisiana Insurance Code states: "The interest rates used in determining minimum standard for the valuation of the policies...shall be the calendar year statutory valuation interest rates, as defined in this paragraph, or at the option of the insurer,..., the rate ... of interest provided in Paragraphs (1)...of this Subsection." The "Paragraphs (1)" reference is to LRS 22:753B(1) which states: "Except as otherwise provided in Paragraphs...(3) of this Subsection...the minimum standard for the valuation...four and one-half percent interest for policies...other than annuities and pure endowment contracts...". It is thus concluded that the Louisiana Insurance Code sets the floor on the statutory maximum valuation interest rate for insurance policies with lifetime coverage at 4.5%. This rate was combined with the 1980 CSO to form the statutory standard for limited underwritten lifetime benefit policies.

With the change in the maximum statutory valuation interest rate assumption to 3.5% for fully underwritten life time benefit policies, it is deemed necessary to also review the maximum statutory valuation interest rate assumption for the lifetime benefit limited underwritten policies. Given that the change in statutory rate to 3.5% was based on the prevailing low bond earnings, and that such low bond earning rates would also apply to the investments of limited underwritten business, it is deemed necessary to lower the statutory maximum interest rate for limited underwritten business to 4% from 4.5%. Thus, commencing January 1, 2013, for all newly issued maximum benefit period limited underwritten policies, the minimum statutory valuation standard will be the 1980 CSO at 4.0% effective on January 1, 2013, and the minimum non-forfeiture standard will be the 1980 CSO at 5.0% effective on January 1, 2014.

In summary, in order to meet the Louisiana statutory insurance code standards and the good and sufficient reserve requirement, for life insurance with a lifetime benefit, the minimum statutory reserve standard is the 2001 CSO at 3.5% for fully underwritten business and the 1980 CSO at 4.0% for limited underwritten business, with the corresponding minimum non-forfeiture standards being the 2001 CSO at 4.5% for fully underwritten business and the 1980 CSO at 5.0% for limited underwritten business. The statutory valuation rates take effect January 1, 2013 and the statutory non-forfeiture rates take effect January 1, 2014.

Sincerely,

A handwritten signature in blue ink that reads "Rodney E. Friedy". The signature is written in a cursive style with a large, stylized initial 'R'.

Rodney E. Friedy, FSA, MAAA  
Director of Life Actuarial Services



LOUISIANA DEPARTMENT OF INSURANCE  
JAMES J. DONELON  
COMMISSIONER

**NOTE: With the 2008 re-codification, the LRS reference of 163 becomes 753**

June 9, 2005

To: All Life Insurance Company Appointed Actuaries

Under the current prevailing interest rate climate it is expected that the dynamic statutory valuation interest rate generating formula will produce a statutory valuation interest rate of 4% for life insurance policies with lifetime benefits. This defines the statutory minimum valuation and non-forfeiture interest rate for issues commencing January 1, 2006 until the dynamic statutory valuation interest rate generating formula produces a different value.

However, under the Louisiana Insurance Code there are options. LRS 22:163B(3)(a) states: "The interest rates used in determining minimum standard for the valuation of the policies...shall be the calendar year statutory valuation interest rates, as defined in this paragraph, or at the option of the insurer,..., the rate ... of interest provided in Paragraphs (1)...of this Subsection." The "Paragraphs (1)" reference is to LRS 22:163B(1) which states: "Except as otherwise provided in Paragraphs...(3) of this Subsection...the minimum standard for the valuation...four and one-half percent interest for policies...other than annuities and pure endowment contracts...". It is thus concluded that the Louisiana Insurance Code sets the floor on the statutory minimum valuation interest rate for insurance policies with lifetime coverage at 4.5% which is the rate that has been in effect for some time.

The preceding analysis reveals that the minimum statutory valuation interest rate for life insurance policies with life time coverage is 4.5%. Similarly, since the minimum non-forfeiture interest rate is set to 125% of the minimum statutory valuation interest rate rounded up to the next 0.25%, its value of 5.75% also remains in effect. Therefore, all appointed actuaries responsible for the valuation of Louisiana issued policies are free to continue to use the statutory valuation and non-forfeiture interest rates for 2005 issues to value the life insurance policies with lifetime benefits as long as the Louisiana Insurance Code remains as it is currently written.

Sincerely,

Rodney E. Friedy, FSA, MAAA  
Director of Life Actuarial Services