

SB0573/317272/1

BY: Finance Committee

AMENDMENTS TO SENATE BILL 573
(First Reading File Bill)

AMENDMENT NO. 1

On page 2, in line 25, after “circumstances;” insert “authorizing the Commissioner to exempt a domestic company from certain reserve requirements and certain information submission requirements under certain circumstances; requiring a domestic company that meets the requirements for exemption to compute reserves in accordance with certain requirements and file a certain statement with the Commissioner before a certain date each year; authorizing the Commissioner to reject the statement before a certain date and require the domestic company to comply with the valuation manual requirements;”; and in line 30, after “manual;” insert “providing for the resolution of any conflict between Maryland law and the valuation manual;”.

AMENDMENT NO. 2

On page 11, in line 5, strike “SECTION” and substitute “SUBTITLE”; and in line 29, strike “AND” and substitute “OR”.

AMENDMENT NO. 3

On page 27, after line 29, insert:

“(C) THE COMMISSIONER MAY EXEMPT A DOMESTIC COMPANY THAT HOLDS A CERTIFICATE OF AUTHORITY ISSUED BY THE COMMISSIONER AND IS DOING BUSINESS IN THE STATE FROM THE REQUIREMENTS OF §§ 5-314 AND 5-315 OF THIS SUBTITLE IF:

(1) THE DOMESTIC COMPANY HAS LESS THAN \$500,000,000 OF ORDINARY LIFE PREMIUMS AND, IF THE DOMESTIC COMPANY IS A MEMBER OF A GROUP OF LIFE INSURERS, THE GROUP HAS COMBINED ORDINARY LIFE PREMIUMS OF LESS THAN \$1,000,000,000;

(Over)

(2) (I) THE DOMESTIC COMPANY REPORTED TOTAL ADJUSTED CAPITAL OF AT LEAST 450% OF THE AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL IN THE MOST RECENT RISK-BASED CAPITAL REPORT; AND

(II) THE APPOINTED ACTUARY HAS PROVIDED AN UNQUALIFIED OPINION ON THE RESERVES FOR THE PRIOR CALENDAR YEAR; AND

(3) ANY UNIVERSAL LIFE INSURANCE POLICIES WITH SECONDARY GUARANTEES ISSUED OR ASSUMED BY THE DOMESTIC COMPANY WITH AN ISSUE DATE ON OR AFTER THE OPERATIVE DATE OF THE VALUATION MANUAL DO NOT EXCEED 5% OF THE TOTAL IN-FORCE RESERVES FOR THE DOMESTIC COMPANY.

(D) FOR PURPOSES OF SUBSECTION (C) OF THIS SECTION, ORDINARY LIFE PREMIUMS ARE MEASURED AS DIRECT PREMIUM PLUS REINSURANCE ASSUMED FROM AN UNAFFILIATED COMPANY, AS REPORTED IN THE ANNUAL STATEMENT FOR THE PRIOR CALENDAR YEAR.

(E) (1) A DOMESTIC COMPANY THAT MEETS THE REQUIREMENTS OF SUBSECTION (C) OF THIS SECTION SHALL:

(I) COMPUTE RESERVES:

1. USING ASSUMPTIONS AND METHODS USED BEFORE THE OPERATIVE DATE OF THE VALUATION MANUAL; AND

2. IN ACCORDANCE WITH ANY REQUIREMENTS ESTABLISHED BY THE COMMISSIONER IN REGULATION; AND

(II) FILE, BEFORE JULY 1 OF EACH YEAR, A STATEMENT WITH THE COMMISSIONER CERTIFYING THAT THE DOMESTIC COMPANY MEETS THE REQUIREMENTS OF SUBSECTION (C) OF THIS SECTION FOR THE CURRENT CALENDAR YEAR BASED ON PREMIUMS AND OTHER VALUES FROM THE FINANCIAL STATEMENTS FOR THE PRIOR CALENDAR YEAR.

(2) BEFORE SEPTEMBER 1 OF EACH YEAR, THE COMMISSIONER MAY REJECT A STATEMENT FILED UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION AND REQUIRE A DOMESTIC COMPANY TO COMPLY WITH THE VALUATION MANUAL REQUIREMENTS FOR LIFE INSURANCE RESERVES.”.

AMENDMENT NO. 4

On page 33, after line 18, insert:

“SECTION 3. AND BE IT FURTHER ENACTED, That, in the event of a conflict between Maryland law and the valuation manual, as defined in § 5-201.1(a) of the Insurance Article, as enacted by Section 2 of this Act, the conflict shall be resolved in favor of Maryland law.”;

and in lines 19 and 32, strike “3.” and “4.”, respectively, and substitute “4.” and “5.”, respectively.