

SS SCS SB 593 -- CORPORATE GOVERNANCE OF INSURANCE

SPONSOR: Wieland

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Insurance Policy by a vote of 10 to 0. Voted "Do Pass" by the Rules- Legislative Oversight Committee by a vote of 11 to 0.

Beginning January 1, 2019, the bill requires insurers to provide the Director of the Department of Insurance, Financial Institutions and Professional Registration with a Corporate Governance Annual Disclosure (CGAD). The summary will contain an insurer or insurance group's corporate governance structure, policies, and practices so that the director can gain an understanding of the corporate governance framework.

The CGAD shall be prepared before June 1st of each calendar year consistent with regulatory requirements promulgated by the director.

Any insurer that is an insurance group shall submit the required report to the director or commissioner of the lead state for the insurance group, in accordance with the laws of the lead state as outlined by the most recent financial analysis handbook adopted by the National Association of Insurance Commissions (NAIC).

Any insurer that is an insurance group, shall not be required to submit the report to the director until the lead state for such insurance group has adopted the NAIC Model Act and CGAD model regulations.

This bill requires insurers to establish an internal audit function to provide assurance to the audit committee and insurer management regarding the insurer's governance, risk management, and internal controls in order to protect assets, evaluate control effectiveness and efficiency, and evaluate compliance with policies and regulations.

Insurers or groups of insurers having annual direct written and unaffiliated assumed premium, including international direct and assumed premium excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, totaling less than \$500 million and \$1 billion respectively, are exempt from the requirements of Sections 375.1025 to 375.1062, RSMo.

This bill repeals a provision relating to certain exemptions for insurance holding companies if their insurance company affiliates had total premiums of less than \$150 million in the previous year with more than 25% of the employees of its affiliates engaged in

agricultural operations.

This bill is same as HB 1381 (2018) and similar to HB 337 (2017).

PROPONENTS: Supporters say that this is a model act from the NAIC and will make reporting consistent across the board and is needed for company accreditation in this state. We need this bill to pass this year to be compliant with the act.

Testifying for the bill were Representative Shull; RGA; Missouri Department of Insurance, Financial Institutions and Professional Registration; Missouri Insurance Coalition; Chubb Insurance; Shelter Insurance Company; Property Casualty Insurance Association; and Swiss Re.

OPPONENTS: There was no opposition voiced to the committee.