

HCS HB 1126 -- INSURANCE HOLDING COMPANIES

SPONSOR: Hill

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Insurance by a vote of 13 to 0. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 10 to 0.

The following is a summary of the House Committee Substitute for HB 1126.

The bill modifies provisions related to insurance holding companies. The chief executive officer of every insurer subject to registration shall file an annual group capital calculation as directed by the Director of the Department of Commerce and Insurance in accordance with the National Association of Insurance Commissioners (NAIC) group capital calculation instructions and using the procedures within the Financial Analysis Handbook adopted by the NAIC. Several insurance holding company systems are exempt from filing the group capital calculation as outlined in the bill.

The lead state director has the discretion to exempt the ultimate controlling person from filing the annual group capital calculation or to accept a limited group capital filing or report in accordance with criteria as specified in regulations promulgated by the director. Any insurance holding company system, as determined by the director of the lead state, that no longer meets one or more of the requirements for an exemption from filing the group capital calculation under this section, such insurance holding company system shall file the group capital calculation at the next annual filing date unless given an extension by the director of the lead state based on reasonable grounds shown.

The chief executive officer of every insurer subject to registration and also scoped into the NAIC liquidity stress test framework shall file the results with the director of the insurance holding company system of a specific year's liquidity stress test. Any change to the NAIC liquidity stress test framework or to the data year for which the scope criteria are to be measured shall be effective on January first of the year following the calendar year in which such changes are adopted. Insurers meeting at least one threshold of the scope criteria are considered scoped into the NAIC liquidity stress test framework for the specified data year unless the Director, in consultation with the NAIC Financial Stability Task Force or its successor, determines the insurer shall not be scoped into the framework for that data year.

Insurers that do not trigger at least one threshold of the scope

criteria are considered scoped out of the NAIC liquidity stress test framework for the specified data year, unless the Director, in consultation with the NAIC Financial Stability Task Force or its successor, determines the insurer shall be scoped into the framework for that data year. To avoid having insurers scoped into and out of the NAIC liquidity stress test framework on a frequent basis, the Director, in consultation with the Financial Stability Task Force or its successor, shall assess this concern as part of the determination for an insurer. The bill also requires the performance of, and filing of the results from, a specific year's liquidity stress test shall comply with the NAIC liquidity stress test framework's instructions and reporting templates for that year and any director determinations, in conjunction with the Financial Stability Task Force or its successor, provided within the framework.

All of the information and documents given to the Department of Commerce and Insurance are considered proprietary and to contain trade secrets and shall be given confidential treatment and privileges.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPOSERS: Supporters say that the bill establishes a uniform standard for reporting group capital and liquidity that does not currently exist. The model is based on response to a covered agreement. This bill needs to be passed by September 2022 in order to keep these companies in line with regulations. It will prevent companies from having to make multiple reports to different jurisdictions.

Testifying for the bill were Representative Hill; Life Insurance Association of Missouri; Prudential; RGA Enterprise Services Company; RGA Reinsurance Company; American Council of Life Insurers; and the Missouri Insurance Coalition.

OPPOSERS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say the bill will be the accreditation standard for the states and other countries so all need to pass this model language.

Testifying on the bill were Missouri Insurance Coalition; and John Rehagen, Department of Commerce & Insurance.

Written testimony has been submitted for this bill. The full

written testimony can be found under Testimony on the bill page on the House website.