

HB 1126 -- INSURANCE HOLDING COMPANIES

SPONSOR: Hill

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 Commerce and Insurance (Director) in accordance with the 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.