

HB 2440 -- DISPOSITION OF CERTAIN REINSURANCE CONTRACTS

SPONSOR: Christofanelli

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Insurance Policy by a vote of 12 to 0. Voted "Do Pass" by the Standing Committee on Rules- Regulatory Oversight by a vote of 9 to 0.

This bill outlines the disposition of certain reinsurance contracts for policies of life or health insurance and annuities in the event the insurance company that issued that policy goes insolvent.

This bill specifies the rights and obligations of the insurer, the reinsurer, the guaranty association, and the receiver with respect to reinsurance contracts covering policies of life or health insurance or annuities in different scenarios of conservation, rehabilitation, or liquidation proceedings.

The bill allows a guaranty association covering policies of life or health insurance or annuities to elect to assume the reinsurance contracts within 180 days of the order of liquidation. If the reinsurance contracts are not assumed, they are terminated retroactively and a settlement amount is calculated and a settlement is decided by the reinsurer and the receiver. The bill outlines how the reinsurer and receiver will determine the settlement amount.

PROPONENTS: Supporters say that this is model language from the National Association of Insurance Commissioners. Missouri receivership law for insurance companies is currently not very clear and this bill would clarify what should happen if the original insurer goes out of business.

Testifying in person for the bill were Representative Christofanelli; Missouri Insurance Coalition; Reinsurance Group of America; and American Council of Life Insurers .

OPPONENTS: There was no opposition voiced to the committee.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.