

HB 133 -- Reinsurance

SPONSOR: Gosen

COMMITTEE ACTION: Voted "Do Pass by Consent" by the Committee on Insurance Policy by a vote of 7 to 0.

This bill changes the laws regarding the accreditation requirements for reinsurance companies in order to comply with the federal Nonadmitted and Reinsurance Reform Act of 2010 that became effective July 21, 2011. The bill changes the requirements for a reinsurance company to do business in Missouri and specifies when an insurance company can take credit or reduce liability on its financial statement due to reinsurance.

The bill becomes effective January 1, 2014.

PROPONENTS: Supporters say that the bill is based on recent National Association of Insurance Commissioners accreditation standards and will allow Missouri insurers to purchase reinsurance policies, which are assets, from global reinsurance companies that meet reasonable criteria but do not have 100% collateral requirements. This should allow for a more competitive reinsurance market, reduce costs to consumers of insurance, reduce the costs of Missouri insurers, and allow Missouri insurers easier access to capital.

Testifying for the bill were Representative Gosen; Matthew Wolf, Reinsurance Association of America; Missouri Insurance Coalition; Rul Allegue, Travelers Insurance; Michael Stern, Ace Insurance; American Insurance Association; Matt Foal, RGA Reinsurance Group; and American Council of Life Insurers.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that this model is well known and should allow insurers to operate more efficiently and spread risks which should result in lower consumer costs. The bill gives the state adequate oversight over global reinsurance companies.

Testifying on the bill was Department of Insurance, Financial Institutions and Professional Registration.