

HB 529 -- OWN RISK AND SOLVENCY ASSESSMENTS

SPONSOR: Gosen

COMMITTEE ACTIONS: Voted "Do Pass" by the Standing Committee on Property, Casualty, and Life Insurance by a vote of 9 to 2. Voted "Do Pass" by the Select Committee on Insurance by a vote of 10 to 0.

This bill enacts the provisions of the model legislation of the own risk and solvency assessments (ORSA) legislation developed by the National Association of Insurance Commissioners (NAIC). The purpose of the model legislation is to allow large- and medium-sized insurers to develop their own model of current and future financial risk and allow regulators to determine how insurers will react to financial stress.

An insurer must file a report on its solvency risk with the Director of the Department of Insurance, Financial Institutions and Professional Registration upon the director's request and not more than once each year. Insurers who are required to file the report are specified in the bill, and the criteria for the report are specified in the bill. Specified insurers must be exempt from the requirements. Procedures for sharing information with the NAIC and for maintaining records are also specified. All documents, materials, or other information, including the ORSA summary report, disclosed to the department director under these provisions are recognized by this state as being proprietary and to contain trade secrets and must be confidential by law and privileged and not subject to disclosure under Chapter 610, RSMo, the Open Meetings and Records Law, commonly known as the Sunshine Law; be subject to subpoena; or be subject to discovery or admissible in evidence in any private civil action. The department director must not make the documents, materials, or other information public without the prior written consent of the insurer. Any insurer failing without just cause to timely file a required ORSA summary report commits a level two violation with respect to each day's delay.

The provisions of the bill will become effective on January 1, 2016.

PROPOSERS: Supporters say that the bill enacts the provisions of the model legislation of the own risk and solvency assessments (ORSA) legislation developed by the National Association of Insurance Commissioners (NAIC). The purpose of the model legislation is to allow large- and medium-sized insurers to develop their own model of current and future financial risk and allow regulators to determine how insurers will react to financial stress. This will allow Missouri's insurance regulators to audit

us and it will work for all 50 states. Without this, it will cost the industry additional money having to pay for audits of other states because Missouri did not have accreditation.

Testifying for the bill were Representative Gosen; SwissRe; Department of Insurance, Financial Institutions and Professional Registration; Missouri Insurance Coalition; America's Health Insurance Plans; Reinsurance Group of America; Property Casualty Insurers Association of America; and Life Insurance Association of Missouri.

OPPONENTS: Those who oppose the bill say that the bill will prohibit any information that insurance companies give to the department from being admissible in a court of law. This is a very serious issue and dangerous to put into law.

Testifying against the bill was Missouri Association of Trial Attorneys.