

State Corporation Commission 2014 Fiscal Impact Statement

1. Bill Number: HB109

House of Origin ☐ Introduced ☐ Substitute ☒ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Ware, R.L.

3. Committee: Passed House

4. Title: Insurance holding companies; revises requirements applicable to companies.

5. Summary: Insurance holding companies. Revises the requirements applicable to insurance holding companies to conform to the National Association of Insurance Commissioners' Insurance Holding Company System Regulatory Act and Insurance Holding Company System Model Regulation. The amendments (i) require the ultimate controlling person of an insurance holding company system to submit a confidential Enterprise Risk filing; (ii) require the parent company seeking to divest their interest in an insurance company subsidiary to provide notice to the domestic regulator prior to the divestiture; (iii) require the insurer's board of directors to make statements regarding the corporate governance and internal control responsibilities within the annual holding company registration statement; (iv) subject the cost-sharing services and management agreements among affiliated entities to minimum reporting requirements to eliminate the potential for capital to flow out of the insurer through these types of agreements; (v) provide regulators with explicit authority to participate in supervisory colleges; and (vi) add confidentiality protections for information shared. The measure also makes dental and optometric services plans subject to the insurance holding company provisions, and dental plan organizations subject to requirements regarding risk-based capital. The holding companies requirements in effect on June 30, 2014, will continue to apply to any insurance holding company transaction commenced prior to January 1, 2015, unless otherwise provided.

6. Budget amendment necessary: No

7. Fiscal Impact Estimates: No Fiscal Impact on the State Corporation Commission

8. Fiscal implications: None on the State Corporation Commission

9. Specific agency or political subdivisions affected: State Corporation Commission Bureau of Insurance

10. Technical amendment necessary: No

11. Other comments: Delegate Ware introduced HB 109 at the request of the State Corporation Commission Bureau of Insurance, and it is based on revisions to the National Association of Insurance Commissioners' Model Insurance Holding Company System Regulatory Act. The revised Model is expected to be adopted in all of the other states, and 24 states have already adopted a similar version of the revised model.

The engrossed version of HB 109 includes a technical correction requested by the Bureau of Insurance at Line 262 to change “insured’s” to “insurer’s.”

Delegate Ware introduced House Bill 2195 in the 2013 General Assembly session and then struck the bill at the request of the SCC to allow for further revisions to the provisions of the bill (which are contained in HB 109).

Date: 01/21/14/V. Tompkins

cc: Secretary of Commerce and Trade

Secretary of Health and Human Resources