

Fiscal: No Fiscal Impact

Revenue: No Revenue Impact

Action Date: 04/20/15

Action: Do Pass As Amended And Be Printed Engrossed.

Meeting Dates: 02/25, 04/20

Vote:

Yeas: 6 - Barton, Doherty, Evans, Fagan, Holvey, Nosse

Nays: 5 - Barreto, Esquivel, Heard, Kennemer, Weidner

Prepared By: Jan Nordlund, Committee Administrator

WHAT THE MEASURE DOES:

Establishes requirements for certain insurers to conduct own risk and solvency assessment (ORSA) and to file report of assessment with Department of Consumer and Business Services. Specifies conditions for sharing reports and related information. Requires reports and related information to be held confidential by Department and others in possession of the information. Adds provisions to address risk management and financial oversight of insurers. Becomes operative January 1, 2016. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Number of insurers anticipated to be affected by ORSA requirements
- Other states that have passed or are considering passage of similar model legislation
- Importance of maintaining accreditation
- ORSA's forward look at insurer's financial condition

EFFECT OF COMMITTEE AMENDMENT:

Clarifies confidentiality protections for ORSA reports. Eliminates April 20 filing deadline for annual reports and replace it with directions to file in accordance with schedule set by Director of Department of Consumer and Business Services. Adds provision of a second model act (National Standard Valuation Model Law) to improve risk management and financial oversight of insurer. Updates current statute provisions related to nonforfeiture to reflect amendments to the model law.

BACKGROUND:

The National Association of Insurance Commissioners (NAIC) creates model legislation regarding financial regulation of insurance carriers. In 2013, NAIC model legislation was reflected in House Bill 2241 to establish filing requirements that address an insurer's current risks.

To address an insurer's prospective risks, NAIC developed model legislation that is reflected in House Bill 2469-A. Enacting the Own Risk and Solvency Assessment (ORSA) model law is a requirement for NAIC accreditation. If Oregon loses its accreditation, insurers that formed under Oregon law (referred to as domestic insurers) would not be able to compete with non-domestic insurers.