

STAFF MEASURE SUMMARY

Senate Committee On Business and Transportation

Fiscal: No Fiscal Impact

Revenue: No Revenue Impact

Action Date: 06/01/15

Action: Do Pass With Amendments To The A-Eng Bill. (Printed B-Eng.)

Meeting Dates: 06/01

Vote:

Yeas: 4 - Girod, Monroe, Riley, Thomsen

Exc: 1 - Beyer

Prepared By: James LaBar, Committee Administrator

WHAT THE MEASURE DOES:

Establishes requirements for certain insurers to conduct own risk and solvency assessment 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. Conforms this series of ORS citations to other instances related to the sharing of information and the confidentiality provisions related to sharing information. Becomes operative January 1, 2016. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Legislation in other states regarding principles-based reserving
- Amendments designed for reaching consensus amongst diverse parties

EFFECT OF COMMITTEE AMENDMENT:

Modifies language for conformity. Adds 705.137 to conform this series of ORS citations to other instances related to the sharing of information and the confidentiality provisions related to sharing information. Clarifies the sum total of how many jurisdictions must enact the Standard Valuation Law to only requiring 42 total from a combination of the 50 states and the five non-state jurisdictions. Clarifies that in some cases the data will be collected by designated statistical agents as this information is used by industry to develop experience tables and not necessarily just the Director. Removes the references to the amendments to ORS 732.586 from the delayed operative provisions.

BACKGROUND:

The National Association of Insurance Commissioners (NAIC) creates model legislation regarding financial regulation of insurance carriers. NAIC model legislation was reflected in House Bill 2241 (2013) to establish filing requirements that address an insurer's current risks. To address an insurer's prospective risks, NAIC subsequently developed model legislation that is reflected in House Bill 2469B. Enacting the Own Risk and Solvency Assessment 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.