

HCS SB 54 -- INSURANCE COMPANIES

SPONSOR: Crawford

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Financial Institutions by a vote of 10 to 0. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 9 to 0.

INTEREST RATES ON PAYMENTS

Currently, if an insurance company is required to pay interest on any claims, refunds, penalties, or payments pursuant to a market conduct examination, investigation, stipulation of settlement agreement, voluntary forfeiture agreement, or any other remedial action ordered by the Department of Insurance, Financial Institutions, and Professional Registration, such funds shall bear interest at the annual adjusted prime interest rate, in an amount not to exceed 9% per year. This rate does not apply to payments subject to a statute in which an interest rate is otherwise specified, including the prompt payment statute.

This bill specifies that payments made voluntarily shall be subject to this interest rate as well.

INSURANCE HOLDING COMPANIES

This bill modifies law by defining an "internationally active insurance group," as an insurer licensed in Missouri that writes premiums in at least three countries, and averages total assets of at least \$50 billion or has gross written premium of at least \$10 billion. The bill further authorizes the Director of the Department of Insurance, within the Department of Insurance, Financial Institutions and Professional Registration, to act as a group wide supervisor or specifies how the director is to determine or acknowledge another regulator as the group wide supervisor. In addition, the bill allows the director to enter into agreements with or obtain information from both insurers and other regulators in order to ensure that internationally active insurance groups are able to timely recognize and mitigate enterprise risks.

This is model legislation developed through the National Association of Insurance Commissioners (NAIC) and allows the insurance industry a reduced cost of regulatory compliance.

This provision is the same as HB 632 (2019).

PROPOSERS: Supporters say that this bill will correct a disincentive against insurance companies reporting errors and will

help errors get fixed more quickly and get the money back to the consumer.

Testifying for the bill were Senator Crawford; Matt Allen, Reinsurance Group of America Company (RGA); Missouri Department of Insurance; and the Missouri Insurance Coalition.

OPPONENTS: There was no opposition voiced to the committee.