

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/SB 1308 — Insurer Solvency

by Judiciary Committee; Banking and Insurance Committee; and Senator Simmons

The bill revises provisions within the Insurance Code relating to solvency requirements and regulatory oversight of insurers by the Office of Insurance Regulation (OIR). The bill incorporates provisions of model acts of the National Association of Insurance Commissioners (NAIC) necessary for accreditation purposes. Many of the NAIC provisions in the bill are in response to the 2008 financial crisis and the globalization of the insurance market and are intended to enhance the regulation of insurers as well as their affiliated entities and provide more tools for evaluating solvency risks within insurance groups. The bill:

- Authorizes the OIR to implement principle-based reserving for life insurers, which allows life insurers to calculate reserves that reflect current mortality rates, the life insurer's business model, and its particular risk profile.
- Requires persons that acquire controlling interests to disclose enterprise risk, and requires that ultimate controlling persons file an annual enterprise risk report with the OIR, which identifies material risk within the insurance company holding company system that could pose a risk or have a material adverse effect upon the insurer.
- Incorporates a risk-based capital trend test for life and health as well as property and casualty insurers and requires health maintenance organizations and prepaid limited health service organizations to file risk-based capital reports.
- Requires insurers to file actuarial opinion summaries and supporting workpapers annually and creates an evidentiary privilege for memoranda supporting actuarial opinions on reserves, actuarial opinion summaries and related information and provides for confidentiality of enterprise risk reports, actuarial opinion summaries, and other information.
- Authorizes the OIR to impose sanctions for noncompliance with the annual enterprise risk and registration statement reporting requirements.
- Allows the OIR to participate in supervisory colleges with other regulators for the regulation of any domestic insurer that is part of an insurance holding company system having international operations.

If approved by the Governor, these provisions take effect October 1, 2014, except as otherwise expressly provided in this act, if CS/CS/SB 1300 or similar legislation is adopted in the same legislative session, or an extension thereof and becomes a law.

Vote: Senate 37-0; House 112-1