Article - Insurance

[Previous][Next]

§4–305.

(a) A company action level event occurs:

(1) when an insurer files an RBC report that indicates that:

(i) the insurer has total adjusted capital that is:

1. greater than or equal to its regulatory action level RBC; and

2. less than its company action level RBC;

(ii) in the case of a life insurer or fraternal benefit society, the life insurer or fraternal benefit society has total adjusted capital that:

1. is greater than or equal to its company action level RBC;

2. is less than the product of its authorized control level RBC and 3.0; and

3. has a negative trend;

(iii) in the case of a property and casualty insurer, the property and casualty insurer has total adjusted capital that:

1. is greater than or equal to its company action level RBC;

2. is less than the product of its authorized control level RBC and 3.0; and

3. triggers the trend test calculation included in the property and casualty RBC instructions; or

(iv) in the case of a health insurer, the health insurer has total adjusted capital that:

1. is greater than or equal to its company action level RBC;

2. is less than the product of its authorized control level RBC and 3.0; and

3. triggers the trend test calculation included in the health RBC instructions;

(2) when the Commissioner notifies an insurer of an adjusted RBC report that indicates an event under item (1) of this subsection; or

(3) if an insurer requests a hearing to challenge an adjusted RBC report that indicates an event under item (1) of this subsection, when the Commissioner notifies the insurer that the Commissioner, after a hearing, has rejected the insurer's challenge.

(b) In the event of a company action level event, the insurer shall prepare and submit to the Commissioner an RBC plan that shall:

(1) identify the conditions that contribute to the company action level event;

(2) contain proposals of corrective actions that the insurer intends to take and that would be expected to result in the elimination of the company action level event;

(3) provide projections of the insurer's financial results in the current year and at least the 4 succeeding years that:

(i) project financial results:

1. in the absence of proposed corrective actions; and

2. that give effect to the proposed corrective actions;

(ii) include projections of statutory operating income, net income, capital, and surplus; and

(iii) for both new and renewal business, include separate projections for each major line of business and separately identify each significant income, expense, and benefit component;

(4) identify the key assumptions that impact the insurer's projections and the sensitivity of the projections to the assumptions; and

(5) identify the quality of and the problems associated with the insurer's business, including its assets, anticipated business growth and associated surplus strain, extraordinary exposure to risk, mix of business, and use of reinsurance, as appropriate.

(c) The insurer shall submit the RBC plan to the Commissioner:

(1) within 45 days after the date of the company action level event; or

(2) if the insurer requests a hearing to challenge an adjusted RBC report, within 45 days after notification to the insurer that the Commissioner, after a hearing, has rejected the insurer's challenge.

(d) (1) Within 60 days after an insurer submits an RBC plan to the

Commissioner, the Commissioner shall notify the insurer whether the Commissioner has determined that the RBC plan may be implemented or that the RBC plan is unsatisfactory.

(2) If the Commissioner determines that the RBC plan is unsatisfactory, the notification to the insurer:

(i) shall set forth the reasons for the determination; and

(ii) may set forth proposed revisions that will make the RBC plan satisfactory to the Commissioner.

(3) On notification that the RBC plan is unsatisfactory, the insurer shall:

(i) prepare a revised RBC plan, which may incorporate by reference any revisions proposed by the Commissioner; and

(ii) submit the revised RBC plan to the Commissioner.

(4) The insurer shall submit the revised RBC plan required by paragraph (3) of this subsection to the Commissioner:

(i) within 45 days after the notification from the Commissioner; or

(ii) if the insurer requests a hearing to challenge the notification from the Commissioner, within 45 days after notification to the insurer that the Commissioner, after a hearing, has rejected the insurer's challenge.

(e) Subject to the right of the insurer to a hearing, when the Commissioner notifies an insurer that the insurer's RBC plan or revised RBC plan is unsatisfactory, the Commissioner may specify in the notification that the notification constitutes a regulatory action level event.

(f) (1) Each domestic insurer that files an RBC plan or revised RBC plan with the Commissioner shall file a copy of the RBC plan or revised RBC plan with the insurance commissioner of any state in which the insurer is authorized to do business if:

(i) the state has a confidentiality provision substantially similar to § 4-310(a) of this subtitle; and

(ii) the insurance commissioner of that state has notified the insurer in writing of its request for the filing.

(2) On request of an insurance commissioner of another state under this subsection, the insurer shall file a copy of the RBC plan or revised RBC plan with that insurance commissioner by the later of:

(i) 15 days after receipt of the notification to file a copy of its RBC plan or revised RBC plan with that state; or

(ii) the date on which the RBC plan or revised RBC plan is filed under subsection (c) or (d) of this section.

[Previous][Next]