

SENATE BILL 8

C4

(71r0061)

ENROLLED BILL

— Finance/Economic Matters —

Introduced by **Chair, Finance Committee (By Request – Departmental – Maryland Insurance Administration)**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Insurance – Risk Management and Own Risk and Solvency Assessment Act**

3 FOR the purpose of requiring certain ~~insurers~~ carriers to maintain a risk management
4 framework for certain purposes; requiring certain ~~insurers~~ carriers or certain
5 insurance groups to conduct an own risk and solvency assessment regularly or at
6 any time when there are significant changes to the ~~insurer's~~ carrier's or insurance
7 group's risk profile; requiring certain ~~insurers~~ carriers to ~~provide~~ submit to the
8 Maryland Insurance Commissioner ~~with~~ an own risk and solvency assessment report
9 or reports on request or if the Commissioner is the lead state commissioner of a
10 certain insurance group; requiring a carrier to determine a certain date of a certain
11 filing and notify the Commissioner of the anticipated date; requiring a certain
12 executive to sign a certain report and attest to certain facts; requiring certain reports
13 to be accompanied by a certain translation; establishing the manner in which certain
14 ~~insurers~~ carriers may comply with the reporting requirement; providing for certain

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



1 ~~insurers~~ carriers to be exempt from the own risk and solvency assessment reporting
2 requirement under certain circumstances; providing that certain ~~insurers~~ carriers
3 that are not exempt from the own risk and solvency assessment reporting
4 requirement may apply for a waiver under certain circumstances; describing certain
5 factors that the Commissioner may consider when determining whether to grant a
6 waiver; authorizing the Commissioner to require the own risk and solvency
7 assessment reporting for ~~an insurer~~ a carrier that has a risk-based capital that is at
8 a certain level, meets certain standards ~~for~~ of ~~an insurer~~ a carrier deemed in a
9 financially hazardous condition, or exhibits qualities of a troubled ~~insurer~~ carrier;
10 requiring ~~an insurer~~ a carrier that was exempt from the own risk and solvency
11 assessment reporting requirement but no longer qualifies for an exemption to comply
12 with the requirements of certain provisions of this Act within a certain period of
13 time; requiring the own risk and solvency assessment report to be prepared
14 consistent with a certain manual; requiring certain documentation and supporting
15 information for the own risk and solvency assessment report to be maintained by the
16 ~~insurer carrier in accordance with certain financial examination requirements and~~
17 made available on examination or request of the Commissioner; requiring the
18 Commissioner to review the report and request additional information using certain
19 procedures; requiring the report to include a certain summary; authorizing the
20 Commissioner to retain certain consultants for certain purposes; providing that
21 certain documents and information are is confidential and privileged and may not be
22 subject to certain provisions of law, subpoena, or discovery or admission in evidence
23 in a certain action; prohibiting the Commissioner, except under certain
24 circumstances, from making certain information public without the prior written
25 consent of a certain carrier; providing that certain confidential information may be
26 shared with certain entities and persons under certain circumstances; authorizing
27 the Commissioner to receive certain information under certain circumstances;
28 requiring the Commissioner to enter into a written agreement with certain persons
29 governing the sharing and use of certain information; requiring that certain
30 elements be included in a written the agreement governing the sharing of certain
31 information with certain entities; providing that the sharing of certain information
32 and documents by the Commissioner may not constitute a delegation of regulatory
33 authority or rulemaking; providing that the Commissioner is solely responsible for
34 the administration, execution, and enforcement of certain provisions of this Act;
35 providing that a waiver of a certain privilege or claim of confidentiality in certain
36 information may not occur as a result of the disclosure or sharing of the information
37 under certain circumstances; authorizing establishing certain penalties for the
38 ~~violation of this Act~~ failure to timely file a certain report; authorizing the
39 Commissioner to reduce a certain penalty under certain circumstances; providing
40 that a certain provision of this Act does not limit the authority of the Commissioner
41 to take certain actions; authorizing the Commissioner to adopt regulations to carry
42 consistent with out certain provisions of this Act; providing for the purposes and
43 application of certain provisions of this Act; defining certain terms; providing for a
44 delayed effective date; and generally relating to insurer carrier risk management
45 and solvency.

1 Article – Insurance

2 Section 32–101 through 32–110 to be under the new title “Title 32. Risk Management
3 and Own Risk and Solvency Assessment Act”

4 Annotated Code of Maryland

5 (2011 Replacement Volume and 2016 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
7 That the Laws of Maryland read as follows:

8 **Article – Insurance**

9 **TITLE 32. RISK MANAGEMENT AND OWN RISK AND SOLVENCY ASSESSMENT ACT.**

10 **32–101.**

11 (A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS
12 INDICATED.

13 (B) “CARRIER” MEANS:

14 (1) AN INSURER;

15 (2) A NONPROFIT HEALTH SERVICE PLAN;

16 (3) A HEALTH MAINTENANCE ORGANIZATION; OR

17 (4) A DENTAL PLAN ORGANIZATION.

18 ~~(B)~~ (C) “INSURANCE GROUP” MEANS, FOR THE PURPOSE OF CONDUCTING
19 AN ORSA, THOSE ~~INSURERS~~ CARRIERS AND AFFILIATES THAT ARE INCLUDED
20 WITHIN AN INSURANCE HOLDING COMPANY SYSTEM AS DEFINED IN § 7–101 OF THIS
21 ARTICLE.

22 ~~(C)~~ (1) ~~“INSURER” HAS THE MEANING STATED IN § 1–101 OF THIS~~
23 ~~ARTICLE.~~

24 ~~(2) “INSURER” DOES NOT INCLUDE AN AGENCY, AUTHORITY, OR~~
25 ~~INSTRUMENTALITY OF THE UNITED STATES, A STATE, OR A POLITICAL SUBDIVISION~~
26 ~~OF A STATE.~~

27 (D) “NAIC” MEANS THE NATIONAL ASSOCIATION OF INSURANCE
28 COMMISSIONERS.

29 (E) “OWN RISK AND SOLVENCY ASSESSMENT” OR “ORSA” MEANS A
30 CONFIDENTIAL INTERNAL ASSESSMENT, APPROPRIATE TO THE NATURE, SCALE,

1 AND COMPLEXITY OF ~~AN INSURER~~ A CARRIER OR INSURANCE GROUP, THAT THE
2 ~~INSURER~~ CARRIER OR INSURANCE GROUP CONDUCTS, OF THE MATERIAL AND
3 RELEVANT RISKS ASSOCIATED WITH THE ~~INSURER'S~~ CARRIER'S OR INSURANCE
4 GROUP'S CURRENT BUSINESS PLAN AND THE SUFFICIENCY OF CAPITAL RESOURCES
5 TO SUPPORT THOSE RISKS.

6 (F) "ORSA GUIDANCE MANUAL" MEANS THE CURRENT VERSION OF THE
7 OWN RISK AND SOLVENCY ASSESSMENT GUIDANCE MANUAL DEVELOPED AND
8 ADOPTED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS.

9 (G) "ORSA-RELATED INFORMATION" MEANS ANY DOCUMENT, MATERIAL,
10 OR OTHER INFORMATION RELATED TO AN ORSA, AN ORSA SUMMARY REPORT, OR
11 A RISK MANAGEMENT FRAMEWORK OF ~~AN INSURER~~ A CARRIER OR INSURANCE
12 GROUP.

13 (H) "ORSA SUMMARY REPORT" MEANS A CONFIDENTIAL HIGH-LEVEL
14 SUMMARY OF THE ORSA OF ~~AN INSURER~~ A CARRIER OR INSURANCE GROUP.

15 (I) "SUPERVISORY COLLEGE" HAS THE MEANING STATED IN § 2-209.1 OF
16 THIS ARTICLE.

17 32-102.

18 (A) THE PURPOSES OF THIS TITLE ARE TO:

19 (1) REQUIRE ~~AN INSURER~~ A CARRIER OR INSURANCE GROUP TO
20 MAINTAIN A RISK MANAGEMENT FRAMEWORK AND COMPLETE AN ORSA;

21 (2) SET THE REQUIREMENTS FOR FILING AN ORSA SUMMARY
22 REPORT WITH THE COMMISSIONER; AND

23 (3) PROVIDE FOR THE CONFIDENTIAL TREATMENT OF THE ORSA,
24 THE ORSA SUMMARY REPORT, AND OTHER ORSA-RELATED INFORMATION.

25 (B) THIS TITLE APPLIES TO ALL ~~INSURERS~~ CARRIERS DOMICILED IN THE
26 STATE THAT ARE NOT EXEMPT UNDER § 32-106 OF THIS TITLE.

27 32-103.

28 (A) EACH ~~INSURER~~ CARRIER SUBJECT TO THIS TITLE SHALL MAINTAIN A
29 RISK MANAGEMENT FRAMEWORK FOR IDENTIFYING, ASSESSING, MONITORING,
30 MANAGING, AND REPORTING ITS MATERIAL AND RELEVANT RISKS.

1 (B) ~~AN INSURER~~ A CARRIER MAY SATISFY THIS REQUIREMENT IF THE
2 INSURANCE GROUP OF WHICH THE ~~INSURER~~ CARRIER IS A MEMBER MAINTAINS A
3 RISK MANAGEMENT FRAMEWORK THAT APPLIES TO THE OPERATIONS OF THE
4 ~~INSURER~~ CARRIER.

5 32-104.

6 (A) SUBJECT TO § 32-106 OF THIS TITLE, ~~AN INSURER~~ A CARRIER, OR THE
7 INSURANCE GROUP OF WHICH THE ~~INSURER~~ CARRIER IS A MEMBER, SHALL
8 REGULARLY CONDUCT AN ORSA CONSISTENT WITH THE PROCESS OUTLINED IN THE
9 ORSA GUIDANCE MANUAL.

10 (B) THE ORSA SHALL BE CONDUCTED:

11 (1) REGULARLY, BUT NOT LESS THAN ONCE EACH YEAR; AND

12 (2) AT ANY TIME WHEN THERE IS A SIGNIFICANT CHANGE TO THE RISK
13 PROFILE OF THE ~~INSURER~~ CARRIER OR THE INSURANCE GROUP OF WHICH THE
14 ~~INSURER~~ CARRIER IS A MEMBER.

15 32-105.

16 (A) ON REQUEST OF THE COMMISSIONER, BUT NOT MORE THAN ONCE EACH
17 YEAR, ~~AN INSURER~~ A CARRIER SHALL SUBMIT TO THE COMMISSIONER AN ORSA
18 SUMMARY REPORT OR A COMBINATION OF REPORTS THAT TOGETHER CONTAIN THE
19 INFORMATION DESCRIBED IN THE ORSA GUIDANCE MANUAL, APPLICABLE TO THE
20 ~~INSURER~~ CARRIER OR THE INSURANCE GROUP OF WHICH THE ~~INSURER~~ CARRIER IS
21 A MEMBER.

22 (B) NOTWITHSTANDING ANY REQUEST FROM THE COMMISSIONER, IF THE
23 ~~INSURER~~ CARRIER IS A MEMBER OF AN INSURANCE GROUP, THE ~~INSURER~~ CARRIER
24 SHALL SUBMIT THE REPORT REQUIRED BY THIS SECTION IF THE COMMISSIONER IS
25 THE LEAD STATE COMMISSIONER OF THE INSURANCE GROUP AS DETERMINED BY
26 THE PROCEDURES IN THE FINANCIAL ANALYSIS HANDBOOK ADOPTED BY THE
27 NAIC.

28 (C) THE ~~INSURER~~ CARRIER SHALL:

29 (1) DETERMINE THE MOST APPROPRIATE DATE OF THE FILING BASED
30 ON THE ~~INSURER'S~~ CARRIER'S INTERNAL STRATEGIC PLANNING PROCESSES; AND

31 (2) NOTIFY THE COMMISSIONER OF THE ANTICIPATED DATE OF THE
32 FILING.

1 (D) ~~THE INSURER'S~~ CARRIER'S OR INSURANCE GROUP'S CHIEF RISK
 2 OFFICER OR OTHER EXECUTIVE WITH RESPONSIBILITY FOR THE OVERSIGHT OF THE
 3 ~~INSURER'S~~ CARRIER'S ENTERPRISE RISK MANAGEMENT PROCESS SHALL SIGN THE
 4 REPORT AND ATTEST TO THE BEST OF THAT INDIVIDUAL'S BELIEF AND KNOWLEDGE
 5 THAT:

6 (1) ~~THE INSURER~~ CARRIER APPLIES THE ENTERPRISE RISK
 7 MANAGEMENT PROCESS DESCRIBED IN THE ORSA SUMMARY REPORT; AND

8 (2) A COPY OF THE REPORT HAS BEEN PROVIDED TO THE ~~INSURER'S~~
 9 CARRIER'S BOARD OF DIRECTORS OR THE APPROPRIATE COMMITTEE OF THE
 10 BOARD.

11 (E) ~~AN INSURER~~ A CARRIER MAY COMPLY WITH SUBSECTION (A) OF THIS
 12 SECTION BY PROVIDING THE MOST RECENT AND SUBSTANTIALLY SIMILAR REPORT
 13 THAT THE ~~INSURER~~ CARRIER OR ANOTHER MEMBER OF AN INSURANCE GROUP OF
 14 WHICH THE ~~INSURER~~ CARRIER IS A MEMBER PROVIDED TO THE COMMISSIONER OF
 15 ANOTHER STATE OR TO A SUPERVISOR OR REGULATOR OF A FOREIGN JURISDICTION
 16 IF THAT REPORT PROVIDES INFORMATION THAT IS COMPARABLE TO THE
 17 INFORMATION DESCRIBED IN THE ORSA GUIDANCE MANUAL.

18 (F) ANY REPORT THAT IS PROVIDED UNDER SUBSECTION (E) OF THIS
 19 SECTION IN A LANGUAGE OTHER THAN ENGLISH MUST BE ACCOMPANIED BY A
 20 TRANSLATION OF THAT REPORT INTO ENGLISH.

21 32-106.

22 (A) ~~AN INSURER~~ A CARRIER IS EXEMPT FROM THE REQUIREMENTS OF THIS
 23 TITLE IF:

24 (1) ~~THE INSURER~~ CARRIER HAS ANNUAL DIRECT WRITTEN AND
 25 UNAFFILIATED ASSUMED PREMIUM LESS THAN \$500,000,000, INCLUDING
 26 INTERNATIONAL DIRECT AND ASSUMED PREMIUM BUT EXCLUDING PREMIUMS
 27 REINSURED WITH THE FEDERAL CROP INSURANCE CORPORATION AND FEDERAL
 28 FLOOD PROGRAM; AND

29 (2) THE INSURANCE GROUP OF WHICH THE ~~INSURER~~ CARRIER IS A
 30 MEMBER HAS ANNUAL DIRECT WRITTEN AND UNAFFILIATED ASSUMED PREMIUM
 31 LESS THAN \$1,000,000,000, INCLUDING INTERNATIONAL DIRECT AND ASSUMED
 32 PREMIUM BUT EXCLUDING PREMIUMS REINSURED WITH THE FEDERAL CROP
 33 INSURANCE CORPORATION AND FEDERAL FLOOD PROGRAM.

34 (B) (1) IF ~~AN INSURER~~ A CARRIER QUALIFIES FOR EXEMPTION UNDER
 35 SUBSECTION (A)(1) OF THIS SECTION, BUT THE INSURANCE GROUP OF WHICH THE

1 ~~INSURER~~ CARRIER IS A MEMBER DOES NOT QUALIFY FOR EXEMPTION UNDER
2 SUBSECTION (A)(2) OF THIS SECTION, THEN THE ORSA SUMMARY REPORT THAT IS
3 REQUIRED UNDER § 32-105 OF THIS TITLE SHALL INCLUDE EVERY ~~INSURER~~
4 CARRIER WITHIN THE INSURANCE GROUP.

5 (2) THE ORSA SUMMARY REPORT ~~IN~~ REQUIREMENT UNDER
6 PARAGRAPH (1) OF THIS SUBSECTION MAY BE SATISFIED BY SUBMITTING MORE
7 THAN ONE ORSA SUMMARY REPORT FOR ANY COMBINATION OF ~~INSURERS~~
8 CARRIERS IF THE COMBINATION OF REPORTS INCLUDES EVERY ~~INSURER~~ CARRIER
9 WITHIN THE INSURANCE GROUP.

10 (C) IF ~~AN INSURER~~ A CARRIER DOES NOT QUALIFY FOR EXEMPTION UNDER
11 SUBSECTION (A)(1) OF THIS SECTION, BUT THE INSURANCE GROUP OF WHICH IT IS
12 A MEMBER QUALIFIES FOR EXEMPTION UNDER SUBSECTION (A)(2) OF THIS
13 SECTION, THEN THE ONLY ORSA SUMMARY REPORT REQUIRED UNDER § 32-105
14 OF THIS TITLE IS THE REPORT THAT APPLIES TO THAT ~~INSURER~~ CARRIER.

15 (D) (1) ~~AN INSURER~~ A CARRIER THAT DOES NOT QUALIFY FOR
16 EXEMPTION UNDER SUBSECTION (A) OF THIS SECTION MAY APPLY TO THE
17 COMMISSIONER FOR A WAIVER FROM THE REQUIREMENTS OF THIS TITLE BASED ON
18 UNIQUE CIRCUMSTANCES.

19 (2) IF THE ~~INSURER~~ CARRIER APPLYING FOR A WAIVER IS PART OF AN
20 INSURANCE GROUP WITH ~~INSURERS~~ CARRIERS DOMICILED IN MORE THAN ONE
21 STATE, THE COMMISSIONER ~~MAY COORDINATE WITH~~ SHALL CONTACT THE LEAD
22 STATE COMMISSIONER AND ~~WITH~~ OTHER DOMICILIARY COMMISSIONERS IN
23 CONSIDERING WHETHER TO GRANT THE ~~INSURER'S~~ CARRIER'S REQUEST FOR A
24 WAIVER.

25 (3) IN DECIDING WHETHER TO GRANT THE ~~INSURER'S~~ CARRIER'S
26 REQUEST FOR A WAIVER, THE COMMISSIONER MAY CONSIDER:

27 (I) THE TYPE AND VOLUME OF BUSINESS WRITTEN;

28 (II) OWNERSHIP AND ORGANIZATIONAL STRUCTURE; AND

29 (III) ANY OTHER FACTOR THE COMMISSIONER CONSIDERS
30 RELEVANT TO THE ~~INSURER~~ CARRIER OR INSURANCE GROUP OF WHICH THE
31 ~~INSURER~~ CARRIER IS A MEMBER.

32 (E) NOTWITHSTANDING THE EXEMPTIONS PROVIDED FOR IN THIS SECTION,
33 THE COMMISSIONER MAY REQUIRE THAT ~~AN INSURER~~ A CARRIER:

1 (1) MAINTAIN A RISK MANAGEMENT FRAMEWORK, CONDUCT AN
2 ORSA, AND FILE AN ORSA SUMMARY REPORT BASED ON UNIQUE
3 CIRCUMSTANCES, INCLUDING THE TYPE AND VOLUME OF BUSINESS WRITTEN,
4 OWNERSHIP AND ORGANIZATIONAL STRUCTURE, FEDERAL AGENCY REQUESTS, AND
5 INTERNATIONAL SUPERVISOR REQUESTS; OR

6 (2) MAINTAIN A RISK MANAGEMENT FRAMEWORK, CONDUCT AN
7 ORSA, AND FILE AN ORSA SUMMARY REPORT IF THE ~~INSURER~~ CARRIER:

8 (I) HAS RISK-BASED CAPITAL AT A COMPANY ACTION LEVEL
9 EVENT AS SET FORTH IN § 4-305 OF THIS ARTICLE;

10 (II) MEETS ONE OR MORE OF THE STANDARDS OF ~~AN INSURER~~ A
11 CARRIER DEEMED TO BE IN FINANCIALLY HAZARDOUS CONDITION AS DESCRIBED IN
12 § 9-102 OF THIS ARTICLE; OR

13 (III) OTHERWISE EXHIBITS QUALITIES OF A TROUBLED ~~INSURER~~
14 CARRIER AS DETERMINED BY THE COMMISSIONER.

15 (F) IF ~~AN INSURER~~ A CARRIER THAT QUALIFIES FOR AN EXEMPTION UNDER
16 SUBSECTION (A) OF THIS SECTION SUBSEQUENTLY NO LONGER QUALIFIES FOR
17 THAT EXEMPTION DUE TO CHANGES IN PREMIUM AS REFLECTED IN THE ~~INSURER'S~~
18 CARRIER'S MOST RECENT ANNUAL STATEMENT OR IN THE MOST RECENT ANNUAL
19 STATEMENTS OF THE ~~INSURERS~~ CARRIERS WITHIN THE INSURANCE GROUP OF
20 WHICH THE ~~INSURER~~ CARRIER IS A MEMBER, THE ~~INSURER~~ CARRIER SHALL HAVE 1
21 YEAR FOLLOWING THE YEAR THE THRESHOLD IS EXCEEDED TO COMPLY WITH THIS
22 TITLE.

23 32-107.

24 (A) THE ORSA SUMMARY REPORT SHALL BE PREPARED CONSISTENT WITH
25 THE ORSA GUIDANCE MANUAL.

26 (B) DOCUMENTATION AND SUPPORTING INFORMATION FOR THE ORSA
27 SUMMARY REPORT SHALL BE MAINTAINED AND MADE AVAILABLE ON EXAMINATION
28 OR REQUEST OF THE COMMISSIONER.

29 (C) (1) THE COMMISSIONER SHALL REVIEW THE ORSA SUMMARY
30 REPORT.

31 (2) THE COMMISSIONER SHALL MAKE ANY REQUESTS FOR
32 ADDITIONAL INFORMATION USING PROCEDURES SIMILAR TO THOSE CURRENTLY
33 USED IN THE ANALYSIS AND EXAMINATION OF MULTI-STATE OR GLOBAL ~~INSURERS~~
34 CARRIERS AND INSURANCE GROUPS.

1 (D) THE ORSA SUMMARY REPORT SHALL INCLUDE A SHORT SUMMARY OF
 2 MATERIAL CHANGES AND UPDATES TO THE ORSA SUMMARY REPORT SINCE THE
 3 PRIOR YEAR.

4 (E) THE COMMISSIONER MAY RETAIN, AT THE ~~INSURER'S~~ CARRIER'S
 5 EXPENSE, THIRD-PARTY CONSULTANTS, INCLUDING ATTORNEYS, ACTUARIES,
 6 ACCOUNTANTS, AND OTHER EXPERTS NOT OTHERWISE A PART OF THE
 7 ADMINISTRATION'S STAFF AS MAY BE REASONABLY NECESSARY TO ASSIST THE
 8 ADMINISTRATION IN REVIEWING THE ~~INSURER'S~~ CARRIER'S RISK MANAGEMENT
 9 FRAMEWORK, ORSA, ORSA SUMMARY REPORT, OR COMPLIANCE WITH THIS TITLE.

10 32-108.

11 (A) (1) ~~DOCUMENTS, MATERIAL, OR OTHER~~ ORSA-RELATED
 12 INFORMATION, INCLUDING THE ORSA SUMMARY REPORT, IN THE POSSESSION OR
 13 CONTROL OF THE COMMISSIONER THAT ~~ARE~~ IS OBTAINED BY, CREATED BY, OR
 14 DISCLOSED TO THE COMMISSIONER OR ANY OTHER PERSON UNDER THIS TITLE:

15 (I) ~~ARE~~ IS CONFIDENTIAL AND PRIVILEGED;

16 (II) ~~ARE~~ IS NOT SUBJECT TO TITLE 4 OF THE GENERAL
 17 PROVISIONS ARTICLE;

18 (III) ~~ARE~~ IS NOT SUBJECT TO SUBPOENA; AND

19 (IV) ~~ARE~~ IS NOT SUBJECT TO DISCOVERY OR ADMISSIBLE AS
 20 EVIDENCE IN ANY CIVIL ACTION.

21 (2) EXCEPT AS PROVIDED IN SUBSECTIONS (B) AND (D) OF THIS
 22 SECTION, THE COMMISSIONER MAY NOT OTHERWISE MAKE ~~THE DOCUMENTS,~~
 23 ~~MATERIAL, OR OTHER~~ ORSA-RELATED INFORMATION PUBLIC WITHOUT PRIOR
 24 WRITTEN CONSENT OF THE ~~INSURER~~ CARRIER TO WHICH ~~THEY PERTAIN~~ IT
 25 PERTAINS.

26 (B) ~~NOTWITHSTANDING SUBSECTION (A) OF THIS SECTION, THE~~ THE
 27 COMMISSIONER MAY USE ~~THE DOCUMENTS, MATERIAL, OR OTHER~~ ORSA-RELATED
 28 INFORMATION IN THE FURTHERANCE OF ANY REGULATORY OR LEGAL ACTION
 29 BROUGHT AS PART OF THE DUTIES OF THE COMMISSIONER.

30 (C) THE COMMISSIONER, AND ANY PERSON WHO RECEIVES ~~DOCUMENTS,~~
 31 ~~MATERIAL, OR OTHER~~ ORSA-RELATED INFORMATION, THROUGH EXAMINATION OR
 32 OTHERWISE, WHILE ACTING UNDER THE AUTHORITY OF THE COMMISSIONER OR
 33 WITH WHOM ~~THE DOCUMENTS, MATERIAL, OR OTHER~~ ORSA-RELATED

1 INFORMATION ~~ARE~~ IS SHARED UNDER THIS TITLE, MAY NOT BE ALLOWED OR
2 REQUIRED TO TESTIFY IN ANY PRIVATE CIVIL ACTION CONCERNING ANY ~~DOCUMENT,~~
3 ~~MATERIAL, OR ORSA-RELATED~~ INFORMATION THAT IS SUBJECT TO SUBSECTION
4 (A) OF THIS SECTION.

5 (D) IN ORDER TO ASSIST IN THE PERFORMANCE OF THE COMMISSIONER'S
6 REGULATORY DUTIES, THE COMMISSIONER:

7 (1) MAY, ON REQUEST, SHARE ~~DOCUMENTS, MATERIAL, OR OTHER~~
8 ORSA-RELATED INFORMATION, INCLUDING CONFIDENTIAL AND PRIVILEGED
9 ~~DOCUMENTS, MATERIAL, OR ORSA-RELATED~~ INFORMATION THAT ~~ARE~~ IS SUBJECT
10 TO SUBSECTION (A) OF THIS SECTION, WITH:

11 (I) OTHER STATE, FEDERAL, AND INTERNATIONAL FINANCIAL
12 REGULATORY AGENCIES, INCLUDING MEMBERS OF ANY SUPERVISORY COLLEGE;

13 (II) THE NAIC; AND

14 (III) ANY THIRD-PARTY CONSULTANTS THE COMMISSIONER
15 DESIGNATES.

16 (2) THE COMMISSIONER MAY SHARE ~~DOCUMENTS, MATERIAL, OR~~
17 ORSA-RELATED INFORMATION UNDER PARAGRAPH (1) OF THIS SUBSECTION IF
18 THE RECIPIENT:

19 (I) AGREES IN WRITING TO MAINTAIN THE CONFIDENTIALITY
20 AND PRIVILEGED STATUS OF THE ~~DOCUMENTS, MATERIAL, OR ORSA-RELATED~~
21 INFORMATION; AND

22 (II) VERIFIES IN WRITING THAT IT HAS THE LEGAL AUTHORITY
23 TO MAINTAIN THE CONFIDENTIALITY OF THE ~~DOCUMENTS, MATERIAL, OR~~
24 ORSA-RELATED INFORMATION.

25 (E) (1) THE COMMISSIONER MAY RECEIVE ~~DOCUMENTS, MATERIAL, OR~~
26 ~~OTHER~~ ORSA-RELATED INFORMATION FROM:

27 (I) OTHER STATE, FEDERAL, AND INTERNATIONAL FINANCIAL
28 REGULATORY AGENCIES, INCLUDING MEMBERS OF ANY SUPERVISORY COLLEGE;
29 AND

30 (II) THE NAIC.

31 (2) THE COMMISSIONER SHALL MAINTAIN AS CONFIDENTIAL AND
32 PRIVILEGED ANY ~~DOCUMENTS, MATERIAL, OR ORSA-RELATED~~ INFORMATION

1 RECEIVED UNDER PARAGRAPH (1) OF THIS SUBSECTION THAT THE COMMISSIONER
2 RECEIVES WITH NOTICE OR THE UNDERSTANDING THAT IT IS CONFIDENTIAL OR
3 PRIVILEGED UNDER THE LAWS OF THE JURISDICTION THAT IS THE SOURCE OF THE
4 ~~DOCUMENT, MATERIAL, OR~~ ORSA-RELATED INFORMATION.

5 (F) (1) THE COMMISSIONER SHALL ENTER INTO A WRITTEN AGREEMENT
6 WITH THE NAIC OR A THIRD-PARTY CONSULTANT GOVERNING THE SHARING AND
7 USE OF INFORMATION PROVIDED UNDER THIS TITLE, CONSISTENT WITH THIS
8 SECTION.

9 (2) THE AGREEMENT REQUIRED UNDER PARAGRAPH (1) OF THIS
10 SUBSECTION THAT SHALL:

11 ~~(1)~~ (I) SPECIFY PROCEDURES AND PROTOCOLS REGARDING THE
12 CONFIDENTIALITY AND SECURITY OF ORSA-RELATED INFORMATION SHARED WITH
13 THE NAIC OR A THIRD-PARTY CONSULTANT UNDER THIS TITLE, INCLUDING
14 PROCEDURES AND PROTOCOLS FOR SHARING BY THE NAIC WITH OTHER STATE
15 REGULATORS FROM STATES IN WHICH THE INSURANCE GROUP HAS DOMICILED
16 ~~INSURERS~~ CARRIERS;

17 ~~(2)~~ (II) SPECIFY THAT THE RECIPIENT AGREES IN WRITING TO
18 MAINTAIN THE CONFIDENTIALITY AND PRIVILEGED STATUS OF THE
19 ORSA-RELATED ~~DOCUMENTS, MATERIAL, OR OTHER~~ INFORMATION AND HAS
20 VERIFIED IN WRITING THE LEGAL AUTHORITY TO MAINTAIN THE CONFIDENTIALITY;

21 ~~(3)~~ (III) SPECIFY THAT OWNERSHIP OF THE ORSA-RELATED
22 INFORMATION SHARED UNDER THIS TITLE REMAINS WITH THE COMMISSIONER AND
23 THAT THE USE OF THE ORSA-RELATED INFORMATION BY THE NAIC OR A
24 THIRD-PARTY CONSULTANT IS SUBJECT TO THE DIRECTION OF THE
25 COMMISSIONER;

26 ~~(4)~~ (IV) PROHIBIT THE NAIC OR A THIRD-PARTY CONSULTANT
27 FROM STORING THE ORSA-RELATED INFORMATION SHARED UNDER THIS TITLE IN
28 A PERMANENT DATABASE AFTER THE UNDERLYING ANALYSIS IS COMPLETED;

29 ~~(5)~~ (V) REQUIRE PROMPT NOTICE TO BE GIVEN TO ~~AN INSURER~~ A
30 CARRIER WHOSE CONFIDENTIAL ORSA-RELATED INFORMATION IN THE
31 POSSESSION OF THE NAIC OR A THIRD-PARTY CONSULTANT UNDER THIS TITLE IS
32 SUBJECT TO A REQUEST OR SUBPOENA FOR DISCLOSURE OR PRODUCTION;

33 ~~(6)~~ (VI) REQUIRE THE NAIC OR A THIRD-PARTY CONSULTANT TO
34 CONSENT TO INTERVENTION BY ~~AN INSURER~~ A CARRIER IN ANY JUDICIAL OR
35 ADMINISTRATIVE ACTION IN WHICH THE NAIC OR A THIRD-PARTY CONSULTANT
36 MAY BE REQUIRED TO DISCLOSE CONFIDENTIAL ORSA-RELATED INFORMATION

1 ABOUT THE ~~INSURER~~ CARRIER SHARED WITH THE NAIC OR A THIRD-PARTY
2 CONSULTANT UNDER THIS TITLE; AND

3 ~~(7)~~ (VII) IN THE CASE OF AN AGREEMENT INVOLVING A
4 THIRD-PARTY CONSULTANT, PROVIDE:

5 1. THAT THE THIRD-PARTY CONSULTANT SHALL BE
6 UNDER THE DIRECTION AND CONTROL OF THE COMMISSIONER AND ACT IN A
7 PURELY ADVISORY CAPACITY;

8 2. THAT THE THIRD-PARTY CONSULTANT IS SUBJECT TO
9 THE SAME CONFIDENTIALITY STANDARDS AND REQUIREMENTS AS THE
10 COMMISSIONER;

11 3. THAT THE THIRD-PARTY CONSULTANT SHALL VERIFY
12 TO THE COMMISSIONER, WITH NOTICE TO THE CARRIER, THAT THE THIRD-PARTY
13 CONSULTANT:

14 A. IS FREE OF ANY CONFLICT OF INTEREST;

15 B. HAS INTERNAL PROCEDURES IN PLACE TO ENSURE
16 THAT IT REMAINS FREE OF ANY CONFLICT OF INTEREST; AND

17 C. WILL COMPLY WITH THE CONFIDENTIALITY
18 STANDARDS AND REQUIREMENTS OF THIS ARTICLE;

19 4. THAT, BEFORE USING A CARRIER'S ORSA-RELATED
20 INFORMATION IN A MANNER INCONSISTENT WITH THE AGREEMENT WITH THE
21 COMMISSIONER OR SHARING THE CARRIER'S ORSA-RELATED INFORMATION WITH
22 A PERSON OTHER THAN THE COMMISSIONER, THE THIRD-PARTY CONSULTANT
23 SHALL OBTAIN WRITTEN CONSENT OF THE CARRIER; AND

24 5. FOR WRITTEN NOTIFICATION TO THE ~~INSURER~~
25 CARRIER.

26 (G) (1) THE SHARING OF ORSA-RELATED INFORMATION AND
27 DOCUMENTS BY THE COMMISSIONER UNDER THIS TITLE MAY NOT CONSTITUTE A
28 DELEGATION OF REGULATORY AUTHORITY OR RULEMAKING.

29 (2) THE COMMISSIONER IS SOLELY RESPONSIBLE FOR THE
30 ADMINISTRATION, EXECUTION, AND ENFORCEMENT OF THIS TITLE.

31 (H) A WAIVER OF ANY APPLICABLE PRIVILEGE OR CLAIM OF
32 CONFIDENTIALITY IN ORSA-RELATED INFORMATION MAY NOT OCCUR AS A RESULT

1 OF DISCLOSURE OF THE ORSA-RELATED INFORMATION ~~OR DOCUMENTS~~ TO THE
 2 COMMISSIONER UNDER THIS SECTION OR AS A RESULT OF SHARING THE
 3 ORSA-RELATED INFORMATION AS AUTHORIZED UNDER THIS TITLE.

4 (I) ~~DOCUMENTS, MATERIAL, OR OTHER~~ ORSA-RELATED INFORMATION IN
 5 THE POSSESSION OR CONTROL OF THE NAIC OR A THIRD-PARTY CONSULTANT
 6 UNDER THIS TITLE:

7 (1) ~~ARE~~ IS CONFIDENTIAL AND PRIVILEGED;

8 (2) ~~MAY~~ IS NOT ~~BE~~ SUBJECT TO TITLE 4 OF THE GENERAL
 9 PROVISIONS ARTICLE;

10 (3) ~~MAY~~ IS NOT ~~BE~~ SUBJECT TO SUBPOENA; AND

11 (4) ~~MAY~~ IS NOT ~~BE~~ SUBJECT TO DISCOVERY OR ADMISSIBLE IN
 12 EVIDENCE IN ANY ~~PRIVATE~~ CIVIL ACTION.

13 32-109.

14 (A) ~~(1) AN INSURER~~ SUBJECT TO § 2-210 OF THIS ARTICLE, A CARRIER
 15 THAT, WITHOUT JUST CAUSE, FAILS TO TIMELY FILE AN ORSA SUMMARY REPORT
 16 AS REQUIRED BY THIS TITLE IS SUBJECT TO A PENALTY OF \$200 FOR EACH DAY THE
 17 VIOLATION CONTINUES, UP TO A MAXIMUM OF \$25,000.

18 ~~(2) THE COMMISSIONER SHALL PROVIDE NOTICE AND AN~~
 19 ~~OPPORTUNITY FOR HEARING BEFORE IMPOSING A PENALTY UNDER THIS SECTION.~~

20 (B) THE COMMISSIONER MAY REDUCE THE PENALTY UNDER SUBSECTION
 21 (A) OF THIS SECTION IF THE ~~INSURER~~ CARRIER DEMONSTRATES TO THE
 22 COMMISSIONER THAT THE IMPOSITION OF THE PENALTY WOULD CONSTITUTE A
 23 FINANCIAL HARDSHIP TO THE ~~INSURER~~ CARRIER.

24 (C) THIS SECTION DOES NOT LIMIT THE AUTHORITY OF THE
 25 COMMISSIONER TO TAKE ANY OTHER ACTION AUTHORIZED BY THIS ARTICLE.

26 32-110.

27 THE COMMISSIONER MAY ADOPT REGULATIONS CONSISTENT WITH THIS
 28 TITLE ~~TO:~~

29 ~~(1) CARRY OUT THIS TITLE;~~

1 ~~(2) PROVIDE FOR THE PERIODIC REVIEW, NOT LESS THAN ONCE EACH~~
2 ~~YEAR, OF ORSA RELATED INFORMATION FROM INSURERS; AND~~

3 ~~(3) ENFORCE COMPLIANCE WITH THIS TITLE.~~

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 January 1, 2018.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.