

One Hundred Fourth Legislature - Second Session - 2016

Introducer's Statement of Intent

LB772

Chairperson: Senator Jim Scheer

Committee: Banking, Commerce and Insurance

Date of Hearing: January 26, 2016

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Legislative Bill 772 is a bill introduced on behalf of the Nebraska Department of Insurance to amend the Insurance Holding Company System Act to address group-wide supervision of international insurance groups. The legislation would update Nebraska insurance law to reflect the latest changes to the Insurance Holding Company System Regulatory Model Act adopted by the National Association of Insurance Commissioners (NAIC). The NAIC is the United States standard-setting and regulatory support organization created and governed by the chief insurance regulators from the fifty states, the District of Columbia and five United States territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the United States.

The intent of LB 772 is to provide the statutory authority for the director of insurance to act as, or to participate in the selection of, a group-wide supervisor for an international insurance group. A group-wide supervisor is the chief insurance regulatory official who is authorized to conduct and coordinate group-wide supervision activities of an international insurance group. An international insurance group is an insurance holding company system that meets certain criteria set forth in the legislation or an insurance holding company system determined by the director to have significant international insurance business operations.

The legislation allows for the director to serve as a group-wide supervisor, for the director to determine another chief insurance regulatory official from a different jurisdiction to serve as a group-wide supervisor, and provides the criteria the director is to consider in the selection process. Additionally, the legislation provides the duties of a group-wide supervisor, a process for changing a group-wide supervisor, the confidentiality of information shared with the director during the group-wide supervisor process, and other provisions necessary for the selection of group-wide supervisors and group-wide supervision of international insurance groups.

LB 772 will enhance the director's ability to remain the lead regulator for Nebraska domiciled insurers who are active internationally and will also enhance the Department of Insurance's ability to cooperate and coordinate with other insurance regulators internationally. Improving group supervision via cooperation and coordination is a goal of the International Association of Insurance Supervisors, of which the NAIC and the Department both participate.

The changes included in LB 772 are considered an accreditation standard by the NAIC.

Principal Introducer: _____

Senator Paul Schumacher