



H.F. 2051

Second Engrossment

Subject NAIC Model Regulations and federal Medicare coverage conformity
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Overview

This bill makes changes to conform state statute with National Association of Insurance Commissioners (NAIC) Model Regulations and with a federal law change regarding supplemental Medicare coverage.

Article 1: Annual Financial Reporting and Audit


Section	Description – Article 1: Annual Financial Reporting and Audit
1	Definitions. Provides definition for affiliate, audited financial report, and internal audit function. Makes clarifying changes.
2	Requirements for audit committees. Requires an insurer’s audit committee to oversee internal audit functions and grant persons performing the audit with the authority and resources to fulfill their responsibilities. Makes technical changes.
3	Internal audit function requirement. Exempts an insurer from the requirement that it file an annual audit of its financial activities performed by an independent certified public accountant if certain requirements are met. Requirements include a limitation on premiums written in a year and establishing internal audit and reporting functions. Effective date. This section is effective January 1, 2020. If an insurer that is currently exempt from this subdivision no longer qualifies for the exemption, it has one year from the year the threshold is exceeded to comply with this subdivision.

Section	Description – Article 4: Corporate Governance Annual Disclosure
	<p>Subd. 2. Definitions. Provides definition for Corporate Governance Annual Disclosure, Insurer, and Senior Management, among others.</p> <p>Subd. 3. Disclosure and filing requirements. Requires an insurer to annually file with the commissioner of commerce a governance disclosure that is completed in compliance with certain organizational procedures.</p> <p>Subd. 4. Contents of corporate governance annual disclosure. Requires an insurer to include certain information in the annual report, including information about the insurer’s board of directors, committees, senior management, and risk management procedures.</p> <p>Subd. 5. Confidentiality. Provides that all documents and information given to the commissioner are confidential and protected nonpublic data. Allows the commissioner to share information to certain parties, including third-party consultants and other regulatory agencies.</p> <p>Subd. 6. NAIC and third-party consultants. Allows the commissioner to retain third-party consultants as necessary to review the corporate governance annual disclosures. Provides requirements for contracting with third-parties and confidentiality.</p> <p>Subd. 7. Sanctions. Applies a \$1,000 per day penalty for each day the report required under this section is late, with exceptions.</p> <p>Effective date. This section is effective January 1, 2020. The first filing of the disclosure is in 2020.</p>

Article 5: Medicare Supplement Insurance

Section	Description – Article 5: Medicare Supplement Insurance
1	<p>Newly eligible individual.</p> <p>Defines a newly eligible individual as one who is eligible for Medicare on or after January 1, 2020, because the individual has attained age 65 or is entitled to benefits under Medicare due to disability or otherwise.</p>
2	<p>Policy requirements.</p> <p>Makes a technical change.</p>

Section	Description – Article 5: Medicare Supplement Insurance
13	<p>Effective date.</p> <p>Sections 1 to 12 are effective the day following final enactment. The coverage requirements provided by this act in sections 1 to 12 apply to Medicare supplemental policies sold or issued on or after January 1, 2020, to a newly eligible individual.</p>



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