



S.F. No. 2794 – Maximum Interest Rates, Group Capital Calculations, and NAIC Liquidity Stress Test (as amended by the A1 amendment)

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Section 1 modifies the maximum interest rate for certain loans and contract for deeds.

Section 2 (amends section 60D.09) states that a violation of section 60D.17 may be an independent basis for disapproving dividends or distributions and for placing the insurer under an order of supervision under chapter 60B.

Section 3 (amends section 60D.15, subdivision 4) removes a court appointed person from the exception in the definition of “control.”

Section 4 (amends section 60D.15) defines “group capital calculations instructions.”

Section 5 (amends section 60D.15) defines “NAIC”.

Section 6 (amends section 60D.15) defines “NAIC liquidity stress test framework.”

Section 7 (amends section 60D.15, subdivision 7) amends the definition of “person” to include a limited liability company.

Section 8 (amends section 60D.15) defines “scope criteria.”

Section 9 (amends 60D.16, subdivision 2) makes technical changes and excludes investments in health maintenance organizations from the calculation of the percentage that an insurer’s assets are investments.

Section 10 (amends section 60D.17, subdivision 1) requires that notice from a controlling person to divest its controlling interest that is filed with the commissioner must be kept confidential.

Section 11 (amends section 60D.18, subdivision 3) corrects a cross reference.

Section 12 (amends section 60D. 19, subdivision 4) provides that the definition of “materiality” does not apply for the purposes of the group capital calculation or the NAIC liquidity stress test framework.

Section 13 (amends section 60D.19) requires the ultimate controlling person of every insurer to file an annual group capital calculation when registering. Several insurance holding company systems are exempt from this requirement.

Section 14 (amends section 60D.19) requires the ultimate lead controlling person of every insurer to file the results of the years specific NAIC stress test. The NAIC liquidity stress test framework includes scope criteria applicable to a specific data year. Every insurer that triggers at least one threshold of the scope criteria must complete the NAIC stress test.

Section 15 [60D.195; GROUP CAPITAL CALCULATION] allows the lead state insurance commissioner to exempt the ultimate controlling person from filing the annual group capital calculation. The lead state insurance commissioner may accept a limited group capital filing if certain requirements are met. A non-United States Jurisdiction may recognize and accept group capital calculations.

Section 16 (amends section 60D.20, subdivision 1) allows the commissioner to require an insurer to secure and maintain either a deposit or a bond, if the commissioner determines the insurer is in a hazardous financial condition. An affiliate that is party to an agreement or contract is subject to the jurisdiction of any supervision, seizure, conservatorship, or receivership proceedings against an insurer.

Section 17 (amends section 60D.217) makes technical and conforming changes.

Section 18 (amends section 60D.22, subdivision 1) requires the commissioner to maintain the confidentiality of the group capital calculation and group capital ratio produced within the calculation and any group capital information received from an insurance holding company. The commissioner must maintain the confidentiality of the liquidity stress test results and supporting disclosures.

Section 19 (amends section 60D.22, subdivision 3) replaces “affiliates and subsidiaries” with “third-party consultant designated by the commissioner.”

Section 20 (amends section 60D.22, subdivision 6) requires information or documentation in control of a third-party consultant to be confidential.

Section 21 (amends section 60D.22) provides that the group capital calculation and liquidity stress test are not intended as a means to rank insurers or insurance holding company

systems. Prohibits the publication of the group capital calculation and the liquidity stress test results.

Section 22 (amends section 60D.24, subdivision 2) corrects a cross reference.

Section 23 (amends section 60D.25) makes technical and conforming changes.

Section 24 (amends section 334.01, subdivision 2) makes a technical and conforming change.



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