



State of Missouri

John Ashcroft, Governor

Department of Economic Development

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Lewis E. Melahn
Director

BULLETIN NO. 90-06

TO: All Missouri Domiciled Insurance Companies

FROM: Charles F. Renn, Deputy Director-Company Regulation 

DATE: February 23, 1990

In June 1989, at its Cincinnati meeting the National Association of Insurance Commissions (NAIC) approved a policy statement on financial regulation standards. As a result of that action each state was requested to complete a self-evaluation guide covering all areas of state regulation. The intent was to help reveal areas of weakness and generate action to remedy those weaknesses. Since the completion of the guide the Division has taken action in a number of areas. A number of NAIC model regulations have been proposed. We have assisted the legislature in proposing the model credit for reinsurance act and the model conservation and rehabilitation act.

Your being advised of the efforts on the part of this division to stay in step with the NAIC guidelines could help to explain the number and pace of the proposed regulations in the last few months.

The NAIC's ultimate goal is to certify individual state insurance agencies as to the level of compliance with the guidelines. This will provide the federal government and consumers a level of confidence in state regulation of the industry. There are a number of areas outlined below which the Division has not taken final action. We are asking for industry input and advice as to what steps to take next. The Division feels industry input and involvement can only help in building an efficient regulatory framework. On behalf of Director, Lewis Melahn, I am asking that you assist us by noting your preferences below, signing and returning this survey.

CFR/ljw
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PREFERRED ACTION
STATUTE REGULATION NONE

STANDARD

1. Authority to require additional capital and surplus based upon type, volume and nature of insurance business transacted.
2. Requirement for annual audit of domestic insurance companies by independent certified public accountants.

PROPERTY AND CASUALTY COMPANIES ONLY

3. State statute should require a diversified investment portfolio both as to type and issue and include a requirement for liquidity.
4. Requirement for opinion on property/liability loss and loss adjustment expense reserve by a qualified actuary or specialist on an annual basis.
5. State statute should contain the NAIC model law for business transacted with producer controlled property/liability insurer act.

RESCINDED AND INOPERATIVE

Other comments: _____

SIGNATURE

TITLE

DATE