

State of the Industry

Director's Regulatory Summit

John M. Huff, Director



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Welcome

Rep. Chris Molendorp



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Welcome

Rep. Don Gosen



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Legislation 2009-2012

- Autism coverage
- Prompt pay
- Hazardous financial condition
- Interstate Insurance Compact



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SLIDE 4

Legislation (cont'd)

- Fraud reporting
- Storm chasers
- Unearned premium refunds
- Mobile claims centers



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SLIDE 5

Joplin Tornado, May 22, 2011

- Executive Order
 - ▶ Free copies of policies
 - ▶ Ban on nonrenewal and rate increases
 - ▶ Restrictions on public adjusters
- Industry response
- \$1 billion paid in 100 days



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SLIDE 6

Joplin Tornado – Losses

Line of business	Claims expected	Losses incurred
Commercial property	2,159	\$1.3 B
Residential property	8,784	\$554 M
Commercial auto	309	\$4.8 M
Private auto	7,117	\$51 M
Other commercial	315	\$19.2 M
County mutuals	1,516	\$67.9 M

Incurring: more than \$2 billion

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Joplin – DIFP Response

- Staffed recovery center
- Expanded Consumer Hotline hours
- Assigned full-time regulator
- FEMA – expedited debris recovery
- Extended deadlines: minimum 12 months
- Recovery Roundup, September 2011
- Awareness campaign, March 2012

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Missouri Leadership at NAIC

- Regulator Designee, U.S. Financial Stability Oversight Council (FSOC)
- Chair, Midwest Zone
- Chair, Solvency Modernization Initiative (E) Task Force
- Vice Chair, Reinsurance (E) Task Force
- Chair, Qualified Jurisdiction Drafting Group

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Missouri Leadership at NAIC

- Vice Chair, NAIC-Industry Liaison Committee
- International Insurance Relations (EX) Leadership Group
- International Insurance Relations (G) Committee
- Financial Condition (E) Committee
- Captives & Special Purpose Vehicle Use Subgroup (E)
- Countless technical committees

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NAIC Model Laws

Tamara W. Kopp
Senior Enforcement Counsel

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Overview

- Holding Company System Model
- Risk Management and Own Risk Solvency Assessment Model (ORSA)
- Revised Credit for Reinsurance Model

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Model Laws

- NAIC – National Association of Insurance Commissioners
- NAIC Accreditation Program



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SLIDE 13

NAIC Accreditation Program

- States subject to regular review by NAIC
- Requires enactment of certain NAIC models
- Limits duplicative financial examinations



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SLIDE 14

Holding Company System Model

- Adopted by NAIC December 2010
- Solvency Modernization Initiative
- Group-Focused
- Enterprise Risk Report



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SLIDE 15

ORSA – Own Risk and Solvency Assessment

- Adopted by NAIC in September 2012
- Solvency Modernization Initiative
- Works with Holding Company Model
- Confidentiality
- First ORSA due in 2015



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Revised Credit for Reinsurance

- Adopted by NAIC November 2011
- Reduce reinsurance collateral requirements
- Accreditation Requirement?
 - ▶ Optional
 - ▶ If states reduce collateral requirements, must do so in accordance with model



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