

HOUSE No. 4214

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, June 23, 2014.

The committee on Ways and Means, to whom was referred the Bill relative to insurance holding companies (House, No. 882, changed), reports recommending that the same ought to pass with an amendment substituting therefor the accompanying bill (House, No. 4214).

For the committee,

BRIAN S. DEMPSEY.

The Commonwealth of Massachusetts

In the Year Two Thousand Fourteen

An Act relative to insurance holding companies.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 1 of chapter 175 of the General Laws, as appearing in the 2012
2 Official Edition, is hereby amended by inserting after the definition of “Insurance company” the
3 following definition:-

4 “NAIC,” the National Association of Insurance Commissioners or its successor
5 organization.

6 SECTION 2. Section 206C of said chapter 175, as so appearing, is hereby amended by
7 inserting after subsection (w) the following subsection:-

8 (x)(1) For purposes of this subsection, the term “supervisory college” shall mean a
9 meeting of insurance regulators or supervisors to discuss regulatory oversight of 1 specific
10 insurance group that is writing significant amounts of insurance in several jurisdictions, in order
11 to facilitate both the supervision of the group as a whole, on a group wide basis, and to improve
12 the legal entity supervision of the entities within the insurance group. With respect to any insurer
13 registered under this section, and in accordance with paragraph (3) of this subsection, the
14 commissioner shall have the power to participate in a supervisory college for any domestic
15 insurer that is part of an insurance holding company system with international operations in order
16 to determine compliance by the insurer with this section. The powers of the commissioner with
17 respect to supervisory colleges shall include, but are not limited to, the following:

18 (i) initiating the establishment of a supervisory college;

19 (ii) clarifying the membership and participation of other supervisors in the supervisory
20 college;

21 (iii) clarifying the functions of the supervisory college and the role of other regulators,
22 including the establishment of a group-wide supervisor;

23 (iv) coordinating the ongoing activities of the supervisory college, including planning
24 meetings, supervisory activities and processes for information sharing; and

25 (v) establishing a crisis management plan.

26 (2) Each registered insurer subject to this subsection shall be liable for and shall pay the
27 reasonable expenses of the commissioner's participation in a supervisory college in accordance
28 with paragraph (3) of this subsection, including reasonable travel expenses. For purposes of this
29 section, a supervisory college may be convened as either a temporary or permanent forum for
30 communication and cooperation between the regulators charged with the supervision of the
31 insurer or its affiliates, and the commissioner may establish a regular assessment to the insurer
32 for the payment of these expenses.

33 (3) In order to assess the business strategy, financial position, legal and regulatory
34 position, risk exposure, risk management and governance processes, and as part of the
35 examination of individual insurers in accordance with subsection (u), the commissioner may
36 participate in a supervisory college with other regulators charged with supervision of the insurer
37 or its affiliates, including other state, federal and international regulatory agencies. The
38 commissioner may enter into agreements providing the basis for cooperation between the
39 commissioner and the other regulatory agencies, and the activities of the supervisory college.
40 Nothing in this subsection shall delegate to the supervisory college the authority of the
41 commissioner to regulate or supervise the insurer or its affiliates within its jurisdiction.