

Am. S. B. 169
As Passed by the Senate

Topic: Internationally active insurance group

_____ moved to amend as follows:

- In line 1 of the title, after "sections" insert "3901.32," 1
- In line 2 of the title, delete "section" and insert "sections 3901.352 and"; after "Code" insert "to permit the Superintendent of Insurance to act as or select a group-wide supervisor for an internationally active insurance group and" 2 3 4 5
- In line 4, after "sections" insert "3901.32," 6
- In line 5, delete "section" and insert "sections 3901.352 and" 7 8
- Between lines 6 and 7, insert: 9
- "**Sec. 3901.32.** As used in sections 3901.32 to 3901.37 of the Revised Code: 10 11
- (A) "Affiliate of" or "affiliated with" a specific person means a person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the person specified. 12 13 14 15
- (B) "Control," including "controlling," "controlled by," and "under common control with," means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership 16 17 18 19

of voting securities, by contract other than a commercial contract
for goods or nonmanagement services, or otherwise, unless the
power is the result of an official position with or corporate
office held by the person. Control shall be presumed to exist if
any person, directly or indirectly, owns, controls, holds with the
power to vote, or holds proxies representing, ten per cent or more
of the voting securities of any other person. This presumption may
be rebutted by a showing made in the manner provided in division
(J) of section 3901.33 of the Revised Code that control does not
exist in fact. The superintendent of insurance may determine,
after furnishing all persons in interest notice and opportunity to
be heard and making specific findings of fact to support such
determination, that control exists in fact, notwithstanding the
absence of a presumption to that effect.

(C) "Enterprise risk" means any activity, circumstance,
event, or series of events involving one or more affiliates of an
insurer that, if not remedied promptly, is likely to have a
materially adverse effect on the financial condition or liquidity
of the insurer or its insurance holding company system as a whole.
"Enterprise risk" includes anything that would cause the insurer's
risk-based capital to fall into company action level as set forth
in section 3903.83 of the Revised Code or would cause the insurer
to be in a hazardous financial condition.

(D) "Group-wide supervisor" means the regulatory official who
is authorized by the superintendent to conduct and coordinate
group-wide supervision of an internationally active insurance
group and who is determined by the superintendent pursuant to
division (A) of section 3901.352 of the Revised Code to have
sufficient contacts with the internationally active insurance
group.

(E) "Insurance holding company system" means two or more 50
affiliated persons, one or more of which is an insurer. 51

~~(E)~~(F) "Insurer" means any person engaged in the business of 52
insurance, guaranty, or membership, an inter-insurance exchange, a 53
mutual or fraternal benefit society, or a health insuring 54
corporation. "Insurer" does not include any agency, authority, or 55
instrumentality of the United States, its possessions and 56
territories, the Commonwealth of Puerto Rico, the District of 57
Columbia, or a state or political subdivision of a state. 58

~~(F)~~(G) "Internationally active insurance group" means an 59
insurance holding company system that includes an insurer 60
registered under section 3901.33 of the Revised Code and that 61
meets all of the following criteria: 62

(1) Insurers that are part of the insurance holding company 63
system write premiums in at least three countries. 64

(2) The percentage of gross premiums written outside the 65
United States by the insurance holding company system is at least 66
ten per cent of the system's total gross written premiums. 67

(3) Based on a three-year rolling average, either the total 68
assets of the insurance holding company system are at least fifty 69
billion dollars, or the total gross written premiums of the 70
insurance holding company system are at least ten billion dollars. 71

(H) "Person" means an individual, a corporation, a 72
partnership, an association, a joint stock company, a trust, an 73
unincorporated organization, any similar entity, or any 74
combination of the foregoing acting in concert. 75

~~(G)~~(I) "Subsidiary" of a specified person is an affiliate 76
controlled by such person, directly or indirectly, through one or 77
more intermediaries. 78

~~(H)~~(J) "Voting security" includes any security convertible
into or evidencing a right to acquire a voting security.

Sec. 3901.352. (A)(1) The superintendent of insurance is
authorized to act as the group-wide supervisor for any
internationally active insurance group in accordance with this
section. However, the superintendent may otherwise acknowledge a
regulatory official from another jurisdiction as the group-wide
supervisor for an internationally active insurance group, if the
group meets any of the following conditions:

(a) Does not have substantial insurance operations in the
United States;

(b) Has substantial operations in the United States, but not
in this state;

(c) Has substantial insurance operations in the United States
and this state, but the superintendent has determined pursuant to
the factors set forth in divisions (B) and (F) of this section
that the other regulatory official is the appropriate group-wide
supervisor.

(2) An insurance holding company system that does not
otherwise qualify as an internationally active insurance group may
request that the superintendent make a determination or
acknowledgment as to a group-wide supervisor for the insurance
holding company system pursuant to this section.

(B)(1) In cooperation with other state, federal, and
international regulatory agencies, the superintendent shall
identify one group-wide supervisor for each internationally active
insurance group. The superintendent may determine that the
superintendent is the appropriate group-wide supervisor for an
internationally active insurance group that conducts substantial

insurance operations concentrated in this state. However, the 108
superintendent may acknowledge that a regulatory official from 109
another jurisdiction is the appropriate group-wide supervisor for 110
the internationally active insurance group. The superintendent 111
shall consider the following factors when making a determination 112
or acknowledgment under division (B)(1) of this section: 113

(a) The place of domicile of the insurers within the 114
internationally active insurance group that hold the largest share 115
of the group's written premiums, assets, or liabilities; 116

(b) The place of domicile of the top-tiered insurer in the 117
internationally active insurance group's insurance holding company 118
system; 119

(c) The location of the executive offices or largest 120
operational offices of the internationally active insurance group; 121

(d) For the purposes of division (C)(1) of this section, 122
whether another regulatory official is acting or is seeking to act 123
as the group-wide supervisor for the internationally active 124
insurance group under a regulatory system that the superintendent 125
determines to be either of the following: 126

(i) Substantially similar to the regulatory system under the 127
laws of this state; 128

(ii) Otherwise sufficient in terms of providing for 129
group-wide supervision, enterprise risk analysis, and cooperation 130
with other regulatory officials. 131

(e) Whether another regulatory official acting, or seeking to 132
act, as the group-wide supervisor for the internationally active 133
insurance group provides the superintendent with reasonably 134
reciprocal recognition and cooperation. 135

(2) If the superintendent is identified in division (B)(1) of 136

this section as the group-wide supervisor of an internationally active insurance group, the superintendent may determine that it is appropriate to acknowledge another supervisor to serve as the group-wide supervisor. The acknowledgment of the new group-wide supervisor shall be made in accordance with all of the following:

(a) After consideration of the factors listed in division (B)(1) of this section;

(b) In cooperation with and subject to the acknowledgment of other regulatory officials involved with supervision of members of the internationally active insurance group;

(c) In consultation with the internationally active insurance group.

(C)(1) Notwithstanding any other provision of law, when another regulatory official is acting as the group-wide supervisor of an internationally active insurance group, the superintendent shall acknowledge that regulatory official as the group-wide supervisor.

(2) The superintendent shall make a determination or acknowledgment under division (B) of this section as to the appropriate group-wide supervisor for an internationally active insurance group if a material change in the internationally active insurance group results in either of the following:

(a) The internationally active insurance group's insurers domiciled in this state holding the largest share of the group's premiums, assets, or liabilities;

(b) This state being the place of domicile of the top-tiered insurer in the internationally active insurance group's insurance holding company system.

(D)(1) Pursuant to section 3901.35 of the Revised Code, the

superintendent may collect from any insurer registered under 166
section 3901.33 of the Revised Code all information necessary to 167
determine whether the superintendent may act as the group-wide 168
supervisor of an internationally active insurance group or if the 169
superintendent may acknowledge another regulatory official to act 170
as the group-wide supervisor. 171

(2) Prior to issuing a determination that an internationally 172
active insurance group is subject to group-wide supervision by the 173
superintendent, the superintendent shall notify the insurer 174
registered under section 3901.33 of the Revised Code and the 175
ultimate controlling person within the internationally active 176
insurance group. The superintendent shall give the internationally 177
active insurance group not less than thirty days to provide the 178
superintendent with additional information pertinent to the 179
pending determination. 180

(3) The superintendent shall publish on its internet web site 181
the identity of internationally active insurance groups that the 182
superintendent has determined are subject to group-wide 183
supervision by the superintendent. 184

(E) If the superintendent is the group-wide supervisor for an 185
internationally active insurance group, the superintendent may 186
engage in any of the following activities: 187

(1) Assess the enterprise risks within the internationally 188
active insurance group to ensure all of the following: 189

(a) That the material financial condition and liquidity risks 190
to members of the internationally active insurance group that are 191
engaged in the business of insurance are identified by management; 192

(b) That reasonable and effective mitigation measures are in 193
place. 194

<u>(2) Request from any member of an internationally active</u>	195
<u>insurance group subject to the superintendent's supervision</u>	196
<u>information necessary and appropriate to assess enterprise risk,</u>	197
<u>including information about the members of the internationally</u>	198
<u>active insurance group regarding all of the following:</u>	199
<u>(a) Governance, risk assessment, and management;</u>	200
<u>(b) Capital adequacy;</u>	201
<u>(c) Material intercompany transactions.</u>	202
<u>(3) Coordinate and, through the authority of the regulatory</u>	203
<u>officials of the jurisdictions in which members of the</u>	204
<u>internationally active insurance group are domiciled, compel</u>	205
<u>development and implementation of reasonable measures designed to</u>	206
<u>ensure that the internationally active insurance group is able to</u>	207
<u>timely recognize and mitigate enterprise risks to members of the</u>	208
<u>internationally active insurance group that are engaged in the</u>	209
<u>business of insurance;</u>	210
<u>(4) Communicate with other state, federal, and international</u>	211
<u>regulatory agencies for members of the internationally active</u>	212
<u>insurance group and share relevant information, subject to the</u>	213
<u>confidentiality provisions of section 3901.36 of the Revised Code,</u>	214
<u>through a supervisory college as set forth in section 3901.351 of</u>	215
<u>the Revised Code or otherwise;</u>	216
<u>(5) Enter into agreements with or obtain documentation from</u>	217
<u>any insurer registered under section 3901.33 of the Revised Code,</u>	218
<u>any member of the internationally active insurance group, and any</u>	219
<u>other state, federal, and international regulatory agency for</u>	220
<u>members of the internationally active insurance group, that</u>	221
<u>provides the basis for or otherwise clarifies the superintendent's</u>	222
<u>role as group-wide supervisor. The agreements or documentation may</u>	223

include provisions for resolving disputes with other regulatory 224
officials. The agreements or documentation shall not serve as 225
evidence in any proceeding to show that any insurer or person 226
within an insurance holding company system not domiciled or 227
incorporated in this state is doing business in this state or is 228
otherwise subject to jurisdiction in this state. 229

(6) Any other group-wide supervision activities consistent 230
with this section that the superintendent considers necessary. 231

(F) If the superintendent acknowledges that another 232
regulatory official from a jurisdiction that is not accredited by 233
the national association of insurance commissioners is the 234
group-wide supervisor of an internationally active insurance 235
group, the superintendent may reasonably cooperate, through a 236
supervisory college as set forth in section 3901.351 of the 237
Revised Code or otherwise, with group-wide supervision undertaken 238
by the group-wide supervisor if all of the following are true: 239

(1) The superintendent's cooperation is in compliance with 240
the Revised Code. 241

(2) The regulatory official also recognizes and cooperates 242
with the superintendent's activities as a group-wide supervisor 243
for other internationally active insurance groups, as applicable. 244
If such recognition and cooperation is not reasonably reciprocal, 245
the superintendent may refuse to recognize and cooperate with the 246
regulatory official as group-wide supervisor. 247

(G) The superintendent may enter into agreements with or 248
obtain documentation from any insurer registered under section 249
3901.33 of the Revised Code, any affiliate of the insurer, and 250
other state, federal, and international regulatory agencies for 251
members of the internationally active insurance group that 252
provides the basis for or otherwise clarifies a regulatory 253

<u>official's role as group-wide supervisor of an internationally</u>	254
<u>active insurance group.</u>	255

<u>(H) An insurer registered under section 3901.33 of the</u>	256
<u>Revised Code shall be liable for and shall pay the reasonable</u>	257
<u>expenses of the superintendent's participation in the</u>	258
<u>administration of this section, including engaging attorneys,</u>	259
<u>actuaries, and any other professionals and all reasonable travel</u>	260
<u>expenses.</u>	261

<u>(I) The superintendent may adopt rules in accordance with</u>	262
<u>Chapter 119. of the Revised Code as necessary to implement this</u>	263
<u>section."</u>	264

In line 512, after "sections" insert "3901.32,"	265
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In line 514, after "sections" insert "3901.32,"	266
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In line 515, delete "section" and insert "sections 3901.352	267
and"	268

The motion was _____ agreed to.