
DIGEST

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HB 199 Engrossed

2015 Regular Session

Cromer

Abstract: Enacts the National Association of Insurance Commissioners' (NAIC) Corporate Governance Annual Disclosure Model Act.

Proposed law enacts the NAIC Corporate Governance Annual Disclosure (CGAD) Model Act, as follows:

- (1) Outlines the requirements for an insurer or insurance group to complete a CGAD and submit it to the insurance commissioner. Provides that nothing in proposed law prescribes or imposes corporate governance standards and internal procedures beyond those required pursuant to the Insurance Code or other laws of this state. Provides that the requirement to file a CGAD shall apply to all insurers domiciled in this state.
- (2) Provides that, for purposes of completing a CGAD, an insurer or insurance group may provide information regarding corporate governance at the ultimate controlling parent level, an intermediate holding company level, or the individual legal entity level, depending upon how the insurer or insurance group has structured its system of corporate governance. Further provides that insurers providing information substantially similar to the information required by proposed law in other documents provided to the commissioner, including proxy statements filed in conjunction with Form B requirements or other state or federal filings provided to the commissioner, shall not be required to duplicate that information in the CGAD but shall only be required to make reference to the document in which such information is included.
- (3) Provides that an insurer or insurance group shall have discretion over the responses to the CGAD inquiries; however, requires that the CGAD contain the material information necessary to permit the commissioner to gain an understanding of the insurer's or insurance group's corporate governance structure, policies, and practices. Also authorizes the commissioner to request additional information deemed material and necessary to provide a clear understanding of the corporate governance policies, the reporting or information system, or controls implementing those policies.
- (4) Provides that certain documents, materials, or other information, including the CGAD, in possession of the commissioner shall be confidential and privileged, shall not be subject to disclosure under the Public Records Law, shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action. Provides for an exemption from the Public Records Law. Allows the commissioner to share and receive such

materials as long as they are kept confidential.

- (5) Authorizes the commissioner to retain, at an insurer's expense, third-party consultants, including those from the NAIC, as necessary to assist in reviewing the CGAD. Further requires of such consultants that they be free of any conflict of interest and compliant with the confidentiality standards of proposed law. Also requires a written agreement with such consultant.
- (6) Mandates that any insurer failing, without just cause, to timely file a CGAD be required, after notice and hearing, to pay a penalty of \$100 for each day's delay, to be recovered by the commissioner and deposited upon receipt in the state treasury. Sets the maximum penalty at \$10,000. Allows the commissioner to reduce the penalty if the insurer demonstrates to him that the imposition of the penalty would constitute a financial hardship to it.
- (7) Authorizes the commissioner to promulgate rules, regulations, and orders necessary to carry out the provisions of proposed law.

Proposed law provides that its provisions are nonseverable. Specifies that it is intended that if any provision of proposed law relative to confidentiality is held invalid under the Constitution of Louisiana or of the United States by a final and nonappealable judgment, then such provision's ineffectiveness or invalidity will invalidate proposed law.

Effective on Jan. 1, 2016.

(Amends R.S. 44:4.1(B)(11); Adds R.S. 22:691.31-691.38)