

STATEMENT OF PURPOSE

RS24888

This legislation is based on the National Association of Insurance Commissioners (NAIC) Risk Management and Own Risk Solvency Assessment Model Act (#505), which followed the 2008 recession. The goal is to have insurance companies or insurance holding company groups identify enterprise-wide risks that are relevant and material and report those risks once a year to the Department of Insurance on a confidential basis. This ORSA model act will provide guidance and instructions to domiciled insurers for filing a confidential ORSA summary report with the director. It is helpful to both insurance companies and their regulator to have companies perform a regular assessment of their own risks and file that summary report with the department. This model law will also be required for accreditation of the Idaho Department of Insurance by the NAIC. Accreditation is important to maintain for consistent, streamlined, and fair regulation of insurers.

FISCAL NOTE

There is no fiscal impact to the General Fund or any other state fund or expenditure in as much as the provisions of this bill can be reviewed and monitored with the Department's current and requested appropriation. Implementation of this legislation will help assure financial security of domiciled insurance companies thus preventing utilization of the state guaranty funds and a commensurate reduction in premium taxes.

Contact:

Dean Cameron
Department of Insurance
(208) 334-4206

DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).