



LEGISLATURE OF THE STATE OF IDAHO



Sixty-second Legislature

Second Regular Session - 2014

IN THE _____

BILL NO. _____

BY _____

AN ACT

1 RELATING TO RISK-BASED CAPITAL FOR INSURERS; AMENDING SECTION 41-5401,
 2 IDAHO CODE, TO ADD AND REVISE DEFINITIONS AND TO MAKE A TECHNICAL COR-
 3 RECTION; AMENDING SECTION 41-5402, IDAHO CODE, TO PROVIDE FOR OTHER
 4 ENTITIES THAT MUST FILE RBC REPORTS AND TO MAKE TECHNICAL CORRECTIONS;
 5 AMENDING SECTION 41-5403, IDAHO CODE, TO PROVIDE FOR OTHER ENTITIES
 6 SUBJECT TO A COMPANY ACTION LEVEL EVENT, TO REVISE EVENTS, TO PROVIDE
 7 ADDITIONAL DETAIL FOR AN RBC PLAN AND TO MAKE TECHNICAL CORRECTIONS;
 8 AMENDING SECTION 41-5406, IDAHO CODE, TO PROVIDE FOR OTHER ENTITIES
 9 WHO ARE SUBJECT TO ACTION BY THE DIRECTOR FOLLOWING A MANDATORY CON-
 10 TROL LEVEL EVENT AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION
 11 41-5408, IDAHO CODE, TO CLARIFY THE PROTECTIONS AFFORDED CONFIDENTIAL
 12 RBC DOCUMENTS AND INFORMATION AND TO MAKE TECHNICAL CORRECTIONS; AMEND-
 13 ING SECTION 41-5409, IDAHO CODE, TO REVISE EXEMPTIONS; AMENDING SECTION
 14 41-3239, IDAHO CODE, TO PROVIDE A CODE REFERENCE; AND AMENDING SECTION
 15 41-3434, IDAHO CODE, TO PROVIDE A CODE REFERENCE.
 16

17 Be It Enacted by the Legislature of the State of Idaho:

18 SECTION 1. That Section 41-5401, Idaho Code, be, and the same is hereby
 19 amended to read as follows:

20 41-5401. DEFINITIONS. As used in this chapter, these terms shall have
 21 the following meanings:

22 (1) "Adjusted RBC report" means an RBC report which has been adjusted by
 23 the director in accordance with section 41-5402(5), Idaho Code.

24 (2) "Corrective order" means an order issued by the director specifying
 25 corrective actions which the director has determined are required.

26 (3) "Domestic insurer" means any ~~insurance company~~ insurer domiciled
 27 in this state.

28 (4) "Foreign insurer" means any ~~insurance company which is licensed to~~
 29 ~~do business in this state under section 41-322, Idaho Code, but is~~ insurer
 30 not domiciled in this state.

31 (5) "Health organization" means any hospital service corporation or
 32 professional service corporation licensed under chapter 34, title 41, Idaho
 33 Code.

34 (6) "Insurer" means any insurance company authorized to transact in-
 35 surance business in this state and includes a fraternal benefit society and a
 36 health organization unless the context otherwise requires.

37 (7) "Life and/or health insurer" means any ~~insurance company~~
 38 insurer licensed under chapter 3, title 41, Idaho Code, to transact life,
 39 disability, accident and/or health insurance and includes any managed care
 40 organization within the scope of section 41-3921(1), Idaho Code, or a li-
 41 icensed property and casualty insurer writing only disability or accident and
 42 health insurance, but shall not include fraternal benefit societies, health

1 ~~service organizations, dental service organizations, health maintenance~~
2 ~~organizations, dental plan organizations or mutual benefit associations.~~

3 (68) "NAIC" means the national association of insurance commissioners.

4 (79) "Negative trend" means, with respect to a life and/or health in-
5 surer or a fraternal benefit society, a negative trend over a period of time,
6 as determined in accordance with the "Trend Test Calculation" included in
7 the life or fraternal RBC instructions.

8 (810) "Property and casualty insurer" means any ~~insurance company~~
9 insurer licensed under chapter 3, title 41, Idaho Code, to transact property
10 and casualty insurance, but shall not include monoline mortgage guaranty
11 insurers, financial guaranty insurers, title insurers, farm and county mu-
12 tuals, ~~health service organizations, dental service organizations, health~~
13 ~~maintenance organizations, dental plan organizations or~~ and domestic re-
14 ciprocal insurers with fewer than seven (7) subscribers which insure only
15 worker's compensation risk in this state and which only issue fully assess-
16 able policies.

17 (911) "RBC" means risk-based capital.

18 (102) "RBC instructions" means the RBC report, including risk-based
19 capital instructions adopted by the NAIC, as such RBC instructions may be
20 amended by the NAIC from time to time in accordance with the procedures
21 adopted by the NAIC.

22 (113) "RBC level" means an insurer's company action level RBC, regula-
23 tory action level RBC, authorized control level RBC, or mandatory control
24 level RBC where:

25 (a) "Authorized control level RBC" means the number determined under
26 the risk-based capital formula in accordance with the RBC instructions;

27 (b) "Company action level RBC" means, with respect to any insurer, the
28 product of 2.0 and its authorized control level RBC;

29 (c) "Mandatory control level RBC" means the product of .70 and the au-
30 thorized control level RBC;

31 (d) "Regulatory action level RBC" means the product of 1.5 and its au-
32 thorized control level RBC.

33 (124) "RBC plan" means a comprehensive financial plan containing the
34 elements specified in section 41-5403(2), Idaho Code. If the director re-
35 jects the RBC plan, and it is revised by the insurer, with or without the
36 director's recommendation, the plan shall be called the "revised RBC plan."

37 (135) "RBC report" means the report required in section 41-5402, Idaho
38 Code.

39 (146) "Total adjusted capital" means the sum of:

40 (a) An insurer's statutory capital and surplus as determined in accor-
41 dance with the statutory accounting applicable to the annual financial
42 statements required to be filed under section 41-335, 41-3225 or
43 41-3425, Idaho Code; and

44 (b) Such other items, if any, as the RBC instructions may provide.

45 SECTION 2. That Section 41-5402, Idaho Code, be, and the same is hereby
46 amended to read as follows:

47 41-5402. RBC REPORTS. (1) Every domestic insurer shall, on or prior to
48 each March 1 (the "filing date"), prepare and submit to the director a report
49 of its RBC levels as of the end of the calendar year just ended, in a form and

1 containing such information as is required by the RBC instructions. In addi-
2 tion, every domestic insurer shall file its RBC report:

- 3 (a) With the NAIC in accordance with the RBC instructions; and
4 (b) With the insurance director in any state in which the insurer is au-
5 thorized to do business, if the insurance director has notified the in-
6 surer of its request in writing, in which case the insurer shall file its
7 RBC report not later than the later of:

8 (i) Fifteen (15) days from the receipt of notice to file its RBC
9 report with that state; or

10 (ii) The filing date.

11 (2) A life and health insurer's or fraternal benefit society's RBC
12 shall be determined in accordance with the formula set forth in the RBC
13 instructions. The formula shall take into account, and may adjust for the
14 covariance between, the following factors determined in each case by apply-
15 ing the factors in the manner set forth in the RBC instructions-:

16 (a) The risk with respect to the insurer's assets;

17 (b) The risk of adverse insurance experience with respect to the in-
18 surer's liabilities and obligations;

19 (c) The interest rate risk with respect to the insurer's business; and

20 (d) All other business risks and such other relevant risks as are set
21 forth in the RBC instructions.

22 (3) A property and casualty insurer's or health organization's RBC
23 shall be determined in accordance with the formula set forth in the RBC
24 instructions. The formula shall take the following into account, and may
25 adjust for the covariance between, determined in each case by applying the
26 factors in the manner set forth in the RBC instructions-:

27 (a) Asset risk;

28 (b) Credit risk;

29 (c) Underwriting risk; and

30 (d) All other business risks and such other relevant risks as are set
31 forth in the RBC instructions.

32 (4) An excess of capital over the amount produced by the risk-based cap-
33 ital requirements contained in this chapter and the formulas, schedules and
34 instructions referenced in this chapter is desirable in the business of in-
35 surance. Accordingly, insurers should seek to maintain capital above the
36 RBC levels required by this chapter. Additional capital is used and use-
37 ful in the insurance business and helps to secure an insurer against various
38 risks inherent in, or affecting, the business of insurance and not accounted
39 for or only partially measured by the risk-based capital requirements con-
40 tained in this chapter.

41 (5) If a domestic insurer files an RBC report which in the judgment of
42 the director is inaccurate, then the director shall adjust the RBC report to
43 correct the inaccuracy and shall notify the insurer of the adjustment. The
44 notice shall contain a statement of the reason for the adjustment. An RBC
45 report as so adjusted is referred to as an "adjusted RBC report."

46 SECTION 3. That Section 41-5403, Idaho Code, be, and the same is hereby
47 amended to read as follows:

48 41-5403. COMPANY ACTION LEVEL EVENT. (1) "Company action level event"
49 means any of the following events:

1 (a) The filing of an RBC report by an insurer which indicates that:

2 (i) The insurer's total adjusted capital is greater than or equal
3 to its regulatory action level RBC but less than its company action
4 level RBC; or

5 (ii) If a life and/or health insurer that completes the life an-
6 annual statement for the reporting year or fraternal benefit soci-
7 ety, the insurer has total adjusted capital which is greater than
8 or equal to its company action level RBC but less than the product
9 of its authorized control level RBC and 2.53.0 and has a negative
10 trend; or

11 (iii) If a property or casualty insurer, health organization or
12 health insurer that completes the health annual statement for the
13 reporting year, the insurer has total adjusted capital which is
14 greater than or equal to its company action level RBC but less than
15 the product of its authorized control level RBC and 3.0 and trig-
16 gers the trend test determined in accordance with the trend test
17 calculation included in the property and casualty or health RBC
18 instructions;

19 (b) The notification by the director to the insurer of an adjusted RBC
20 report that indicates an event in paragraph (a) of this subsection, pro-
21 vided the insurer does not challenge the adjusted RBC report under sec-
22 tion 41-5407, Idaho Code; or

23 (c) If, pursuant to section 41-5407, Idaho Code, an insurer challenges
24 an adjusted RBC report that indicates the event in paragraph (a) of this
25 subsection, the notification by the director to the insurer that the di-
26 rector has, after a hearing, rejected the insurer's challenge.

27 (2) In the event of a company action level event, the insurer shall pre-
28 pare and submit to the director an RBC plan which shall:

29 (a) Identify the conditions which contribute to the company action
30 level event;

31 (b) Contain proposals of corrective actions which the insurer intends
32 to take and would be expected to result in the elimination of the company
33 action level event;

34 (c) Provide projections of the insurer's financial results in the
35 current year and at least the four (4) succeeding years, and for man-
36 aged care organizations and health organizations for at least the two
37 (2) succeeding years, both in the absence of proposed corrective ac-
38 tions and giving effect to the proposed corrective actions, including
39 projections of statutory operating income, net income, capital and sur-
40 plus. (The projections for both new and renewal business might include
41 separate projections for each major line of business and separately
42 identify each significant income, expense and benefit component);

43 (d) Identify the key assumptions impacting the insurer's projections
44 and the sensitivity of the projections to the assumptions; and

45 (e) Identify the quality of, and problems associated with, the in-
46 surer's business, including but not limited to, its assets, anticipated
47 business growth and associated surplus strain, extraordinary exposure
48 to risk, mix of business and use of reinsurance, if any, in each case.

49 (3) The RBC plan shall be submitted:

50 (a) Within forty-five (45) days of the company action level event; or

1 (b) If the insurer challenges an adjusted RBC report pursuant to sec-
2 tion 41-5407, Idaho Code, within forty-five (45) days after notifica-
3 tion to the insurer that the director has, after a hearing, rejected the
4 insurer's challenge.

5 (4) Within sixty (60) days after the submission by an insurer of an RBC
6 plan to the director, the director shall notify the insurer whether the RBC
7 plan shall be implemented or is, in the judgment of the director, unsatis-
8 factory. If the director determines the RBC plan is unsatisfactory, the no-
9 tification to the insurer shall set forth the reasons for the determination,
10 and may set forth proposed revisions which will render the RBC plan satisfac-
11 tory, in the judgment of the director. Upon notification from the director,
12 the insurer shall prepare a revised RBC plan, which may incorporate by refer-
13 ence any revisions proposed by the director, and shall submit the revised RBC
14 plan to the director:

15 (a) Within forty-five (45) days after the notification from the direc-
16 tor; or

17 (b) If the insurer challenges the notification from the director under
18 section 41-5407, Idaho Code, within forty-five (45) days after a noti-
19 fication to the insurer that the director has, after a hearing, rejected
20 the insurer's challenge.

21 (5) In the event of a notification by the director to an insurer that the
22 insurer's RBC plan or revised RBC plan is unsatisfactory, the director may,
23 at the director's discretion, subject to the insurer's right to a hearing un-
24 der section 41-5407, Idaho Code, specify in the notification that the noti-
25 fication constitutes a regulatory action level event.

26 (6) Every domestic insurer that files an RBC plan or revised RBC plan
27 with the director shall file a copy of the RBC plan or revised RBC plan with
28 the insurance director in any state in which the insurer is authorized to do
29 business if:

30 (a) Such state has an RBC provision substantially similar to section
31 41-5408(1), Idaho Code; and

32 (b) The insurance director of that state has notified the insurer of its
33 request for the filing in writing, in which case the insurer shall file
34 a copy of the RBC plan or revised RBC plan in that state no later than the
35 later of:

36 (i) Fifteen (15) days after the receipt of notice to file a copy of
37 its RBC plan or revised RBC plan with the state; or

38 (ii) The date on which the RBC plan or revised RBC plan is filed un-
39 der subsections (3) and (4) of this section.

40 SECTION 4. That Section 41-5406, Idaho Code, be, and the same is hereby
41 amended to read as follows:

42 41-5406. MANDATORY CONTROL LEVEL EVENT. (1) "Mandatory control level
43 event" means any of the following events:

44 (a) The filing of an RBC report ~~which~~ that indicates that the insurer's
45 total adjusted capital is less than its mandatory control level RBC;

46 (b) Notification by the director to the insurer of an adjusted RBC re-
47 port that indicates the event in paragraph (a) of this subsection, pro-
48 vided the insurer does not challenge the adjusted RBC report under sec-
49 tion 41-5407, Idaho Code; or

1 (c) If, pursuant to section 41-5407, Idaho Code, the insurer challenges
2 an adjusted RBC report that indicates the event in paragraph (a) of this
3 subsection, notification by the director to the insurer that the direc-
4 tor has, after a hearing, rejected the insurer's challenge.

5 (2) In the event of a mandatory control level event:

6 (a) With respect to a life and/or health insurer that completes the life
7 annual statement for the reporting year or fraternal benefit society,
8 the director shall take such actions as are necessary to place the in-
9 surer under regulatory control pursuant to chapter 33, title 41, Idaho
10 Code. In that event, the mandatory control level event shall be deemed
11 sufficient grounds for the director to take action pursuant to chapter
12 33, title 41, Idaho Code, and the director shall have the rights, pow-
13 ers and duties with respect to the insurer as are set forth in chapter
14 33, title 41, Idaho Code. If the director takes actions pursuant to an
15 adjusted RBC report, the insurer shall be entitled to the protections
16 of section 41-3309, Idaho Code, pertaining to summary proceedings.
17 Notwithstanding any of the foregoing, the director may ~~forego~~ forgo
18 action for up to ninety (90) days after the mandatory control level event
19 if the director finds there is a reasonable expectation that the manda-
20 tory control level event may be eliminated within the ninety (90) day
21 period.

22 (b) With respect to a property and casualty insurer, health organiza-
23 tion or health insurer that completes the health annual statement for
24 the reporting year, the director shall take such actions as are neces-
25 sary to place the insurer under regulatory control pursuant to chapter
26 33, title 41, Idaho Code, or, in the case of an insurer which is writing
27 no business and which is running off its existing business, may allow
28 the insurer to continue its run off under the supervision of the direc-
29 tor. In either event, the mandatory control level event shall be deemed
30 sufficient grounds for the director to take action pursuant to chapter
31 33, title 41, Idaho Code, and the director shall have the rights, pow-
32 ers and duties with respect to the insurer as are set forth in chapter
33 33, title 41, Idaho Code. If the director takes actions pursuant to an
34 adjusted RBC report, the insurer shall be entitled to the protections
35 of section 41-3309, Idaho Code, pertaining to summary proceedings.
36 Notwithstanding any of the foregoing, the director may ~~forego~~ forgo
37 action for up to ninety (90) days after the mandatory control level event
38 if the director finds there is a reasonable expectation that the manda-
39 tory control level event may be eliminated within the ninety (90) day
40 period.

41 SECTION 5. That Section 41-5408, Idaho Code, be, and the same is hereby
42 amended to read as follows:

43 41-5408. CONFIDENTIALITY -- PROHIBITION ON ANNOUNCEMENTS, PROHIBI-
44 TION ON USE IN RATEMAKING. (1) All RBC reports, to the extent the information
45 therein is not required to be set forth in a publicly available annual
46 statement schedule, and RBC plans, including the results or report of any
47 examination or analysis of an insurer performed pursuant hereto and any cor-
48 rective order issued by the director pursuant to examination or analysis,
49 with respect to any domestic insurer or foreign insurer which are filed with

1 the director, constitute information that might be damaging to the insurer
2 if made available to its competitors, and therefore shall be kept confiden-
3 tial by the director and shall be considered privileged. Notwithstanding
4 the provisions of chapter 3, title 9, Idaho Code, this information shall not
5 be made public or be subject to subpoena, ~~other than by the director and then~~
6 ~~only for the purpose of enforcement actions taken by the director pursuant to~~
7 ~~this chapter or any other provision of the insurance laws of this state and~~
8 shall not be subject to discovery or admissible in evidence in any private
9 civil action. However, the director is authorized to use the documents,
10 materials or other information in the furtherance of any regulatory or legal
11 action brought as a part of the director's official duties.

12 (2) Neither the director nor any person who received documents, mate-
13 rials or other information while acting under the authority of the direc-
14 tor shall be permitted or required to testify in any private civil action
15 concerning any confidential documents, materials or information obtained or
16 provided pursuant to subsection (1) of this section.

17 (3) In order to assist in the performance of his duties under this chap-
18 ter, the director may:

19 (a) Share documents, materials or other information, including the
20 confidential and privileged documents, materials or information sub-
21 ject to subsection (1) of this section, with other states, federal and
22 international regulatory agencies, with the NAIC and its affiliates and
23 subsidiaries and with state, federal and international law enforcement
24 authorities, provided that the recipient agrees to maintain the con-
25 fidentiality and privileged status of the document, material or other
26 information;

27 (b) Receive documents, materials or information, including otherwise
28 confidential and privileged documents, materials or information, from
29 the NAIC and its affiliates and subsidiaries and from regulatory and law
30 enforcement officials of other foreign or domestic jurisdictions and
31 shall maintain as confidential or privileged any document, material or
32 information received with notice of or the understanding that it is con-
33 fidential or privileged under the laws of the jurisdiction that is the
34 source of the document, material or information; and

35 (c) Enter into agreements governing the sharing and use of information
36 consistent with the provisions of this subsection.

37 (4) No waiver of any applicable privilege or claim of confidentiality
38 in the documents, materials or information referenced in this section shall
39 occur as a result of disclosure to the director under this section or as a re-
40 sult of sharing as authorized in subsection (3) of this section.

41 (5) It is the judgment of the legislature that the comparison of an
42 insurer's total adjusted capital to any of its RBC levels is a regulatory
43 tool which may indicate the need for possible corrective action with respect
44 to the insurer, and is not intended as a means to rank insurers generally.
45 Therefore, except as otherwise required under the provisions of this chap-
46 ter, the making, publishing, disseminating, circulating or placing before
47 the public, or causing, directly or indirectly, to be made, published,
48 disseminated, circulated or placed before the public, in a newspaper, mag-
49 azine or other publication, or in the form of a notice, circular, pamphlet,
50 letter or poster, or over any radio or television station, or in any other

1 way, an advertisement, announcement or statement containing an assertion,
2 representation or statement with regard to the RBC levels of any insurer,
3 or of any component derived in the calculation, by any insurer, agent, bro-
4 ker or other person engaged in any manner in the insurance business would
5 be misleading and is therefore prohibited; provided however, that if any
6 materially false statement with respect to the comparison regarding an in-
7 surer's total adjusted capital to its RBC levels, ~~+(or any of them),~~ or an
8 inappropriate comparison of any other amount to the insurers' RBC levels is
9 published in any written publication and the insurer is able to demonstrate
10 to the director with substantial proof the falsity of such statement, or the
11 inappropriateness, as the case may be, then the insurer may publish an an-
12 nouncement in a written publication if the sole purpose of the announcement
13 is to rebut the materially false statement.

14 (36) It is the further judgment of the legislature that the RBC instruc-
15 tions, RBC reports, adjusted RBC reports, RBC plans and revised RBC plans are
16 intended solely for use by the director in monitoring the solvency of insur-
17 ers and the need for possible corrective action with respect to insurers and
18 shall not be used by the director for ratemaking nor considered or introduced
19 as evidence in any rate proceeding nor used by the director to calculate or
20 derive any elements of an appropriate premium level or rate of return for any
21 line of insurance which an insurer or any affiliate is authorized to write.

22 SECTION 6. That Section 41-5409, Idaho Code, be, and the same is hereby
23 amended to read as follows:

24 41-5409. SUPPLEMENTAL PROVISIONS -- RULES -- EXEMPTION. (1) The pro-
25 visions of this chapter are supplemental to any other provisions of the laws
26 of this state, and shall not preclude or limit any other powers or duties of
27 the director under such laws, including, but not limited to, chapter 33, ti-
28 tle 41, Idaho Code, and rules adopted by the department of insurance relating
29 to the director's authority for companies deemed to be in hazardous finan-
30 cial condition.

31 (2) The director may adopt reasonable rules necessary for the implemen-
32 tation of this chapter in accordance with the provisions of chapter 52, title
33 67, Idaho Code.

34 (3) Upon written application, the director may exempt from compliance
35 with this chapter, for a specified period or periods, any domestic property
36 and casualty insurer, domestic managed care organization or domestic health
37 organization which:

38 (a) Writes direct business only in this state; and

39 (b) Writes direct annual premiums of two million dollars (\$2,000,000)
40 or less; and

41 (c) Assumes no reinsurance in excess of five percent (5%) of direct pre-
42 mium written; or

43 (d) Is a managed care organization offering only a limited managed care
44 plan, a hospital service corporation or a professional service corpora-
45 tion that covers less than two thousand (2,000) lives.

46 SECTION 7. That Section 41-3239, Idaho Code, be, and the same is hereby
47 amended to read as follows:

1 41-3239. OTHER PROVISIONS APPLICABLE. (1) Except as herein provided,
2 societies shall be governed by this chapter and shall be exempt from all
3 other provisions of the insurance laws of this state, not only in govern-
4 mental relations with this state, but for every other purpose, and no law
5 hereafter enacted shall apply to them, unless expressly designated therein.

6 (2) The following chapters and provisions of this code shall also apply
7 to fraternal benefit societies (who for the purpose shall be deemed also to
8 be "insurers") to the extent so applicable and not inconsistent with the ex-
9 press provisions of this chapter and the reasonable implications of such ex-
10 press provisions:

11 (a) Chapter 1 (scope of code);

12 (b) Chapter 2 (the director of insurance);

13 (c) Section 41-308(2) (general eligibility for certificate of author-
14 ity), and for the purpose the annual license of a fraternal benefit so-
15 ciety is deemed to be its "certificate of authority";

16 (d) Sections 41-1201 (representing or aiding unauthorized insurer
17 prohibited), 41-1202 (penalty), and 41-1203 (suits by unauthorized in-
18 surer prohibited);

19 (e) The following sections of chapter 18 (the insurance contract):

20 (i) Section 41-1828 (payment discharges insurer -- payment to
21 marital community);

22 (ii) Section 41-1829 (minor may give acquittance);

23 (iii) Section 41-1830 (life policy as separate property of married
24 woman);

25 (iv) Section 41-1838 (venue of suits against insurers);

26 (v) Section 41-1839 (allowance of attorney fees in suits against
27 insurers);

28 (f) Section 41-1934 (prohibited policy plans);

29 (g) Section 41-2837 (prohibited pecuniary interest of officials);

30 (h) Chapter 33 (rehabilitation and liquidation);

31 (i) Section 41-332 (foreign insurers exempt from corporation laws gov-
32 erning admission of foreign corporations);

33 (j) Section 41-2141 (coordination with social security benefits);

34 (k) Section 41-1927A (standard nonforfeiture law for individual de-
35 ferred annuities); ~~and~~

36 (l) Chapter 46 (long-term care insurance); and

37 (m) Chapter 54 (risk-based capital).

38 SECTION 8. That Section 41-3434, Idaho Code, be, and the same is hereby
39 amended to read as follows:

40 41-3434. OTHER PROVISIONS APPLICABLE. In addition to those contained
41 or referred to heretofore in this chapter, the following chapters and provi-
42 sions of this code shall also apply with respect to service corporations to
43 the extent applicable and not in conflict with the express provisions of this
44 chapter and the reasonable implications of such express provisions, and for
45 the purposes of such application such corporations shall be deemed to be mu-
46 tual "insurers":

47 (1) Chapter 1 (scope of code);

48 (2) Chapter 2 (the director of insurance);

- 1 (3) Section 41-308(2) (general eligibility for certificate of author-
- 2 ity -- competence, affiliations of management);
- 3 (4) Sections 41-345 through 41-347 (disclosure of material transac-
- 4 tions);
- 5 (5) Section 41-601 ("assets" defined);
- 6 (6) Section 41-603 (assets not allowed);
- 7 (7) Section 41-604 (disallowance of "wash" transactions);
- 8 (8) Section 41-613 (valuation of bonds);
- 9 (9) Section 41-731 (prohibited investments and investment underwrit-
- 10 ing);
- 11 (10) Chapter 13 (trade practices and frauds);
- 12 (11) Section 41-2840 (vouchers for expenditures);
- 13 (12) Section 41-2841 (borrowed surplus);
- 14 (13) Sections 41-2857 (mergers and consolidations, mutual insurers),
- 15 41-2858 (bulk reinsurance, mutual insurers), and 41-2859 (mutual member's
- 16 share of assets on liquidation);
- 17 (14) Chapter 33 (supervision, rehabilitation and liquidation);
- 18 (15) Sections 799 to 809 of chapter 330 of Session Laws of 1961 (transi-
- 19 tory provisions);
- 20 (16) Section 41-2106(3) (health history application for disability in-
- 21 surance);
- 22 (17) Section 41-2141 (coordination of benefits -- coordination with so-
- 23 cial security benefits);
- 24 (18) Section 41-1839 (attorney fees);
- 25 (19) Chapter 46 (long-term care insurance);
- 26 (20) Section 41-1844 (prescription drug benefit restrictions prohib-
- 27 ited); ~~and~~
- 28 (21) Section 41-2216 (coordination of benefits -- coordination with so-
- 29 cial security benefits); and
- 30 (22) Chapter 54 (risk-based capital).