



KIM REYNOLDS
GOVERNOR

OFFICE OF THE GOVERNOR

ADAM GREGG
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May 2, 2022

The Honorable Paul Pate
Secretary of State of Iowa
State Capitol
Des Moines, Iowa 50319

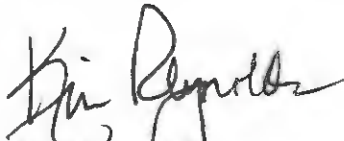
Dear Mr. Secretary,

I hereby transmit:

House File 2217, an Act relating to financial reporting by insurance holding company systems.

The above House File is hereby approved on this date.

Sincerely,


Kim Reynolds
Governor of Iowa

cc: Secretary of the Senate
Clerk of the House



House File 2217

AN ACT
RELATING TO FINANCIAL REPORTING BY INSURANCE HOLDING COMPANY
SYSTEMS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 511.8, subsection 22, paragraph b, subparagraph (2), Code 2022, is amended to read as follows:

(2) Be between an insurer and a conduit and be collateralized by cash or obligations which are eligible under subsection 1, 2, 3, 5, 19, or 24, are deposited with a custodian bank as defined in subsection 21, and are held under a written agreement with the custodian bank that complies with subsection 21 and provides for the proceeds of the collateral, subject to the terms and conditions of the applicable collateral or other credit support agreement, to be remitted to the legal reserve deposit of the company or association and to vest in the state in accordance with section 508.18 whenever proceedings under that section are instituted. Paragraphs "c", "d", and "e" of this subsection are not applicable to investments in financial instruments used in hedging transactions eligible pursuant to this subparagraph. As used in this subparagraph, "conduit" means a person within an insurer's insurance holding company system, as defined in section 521A.1, ~~subsection 7,~~ which aggregates hedging transactions by other persons within the insurance holding company system and replicates them with counterparties.

Sec. 2. Section 521A.1, Code 2022, is amended by adding the following new subsections:

NEW SUBSECTION. 5A. "*Group capital calculation instructions*" means the most recent instructions adopted by the NAIC group capital calculation working group or its successor, and as published or amended by the NAIC in accordance with procedures adopted by the NAIC.

NEW SUBSECTION. 9A. "*Liquidity stress test framework*" means the most recent NAIC liquidity stress test framework, initially adopted in 2020, for life insurers meeting the scope criteria, and as published or amended by the NAIC in accordance with procedures adopted by the NAIC.

NEW SUBSECTION. 9B. "*NAIC*" means the national association of insurance commissioners.

NEW SUBSECTION. 10A. "*Reciprocal jurisdiction*" means the same as described in section 521B.102, subsection 6, paragraph "a", subparagraph (1).

NEW SUBSECTION. 11A. "*Scope criteria*" means the thresholds detailed in the NAIC liquidity stress test framework that are used to establish the life insurer entities that are subject to a liquidity stress test for a specific data year.

Sec. 3. Section 521A.3, subsection 2, paragraph a, subparagraph (12), Code 2022, is amended to read as follows:

(12) An agreement by the person required to file the statement referred to in subsection 1 that the person will provide the annual enterprise risk report specified in section 521A.4, subsection 12, for so long as control exists.

Sec. 4. Section 521A.4, subsections 3 and 12, Code 2022, are amended to read as follows:

3. *Materiality.* Information need not be disclosed on the registration statement filed pursuant to subsection 2 if the information is not material for the purposes of ~~this section~~ subsections 1 through 12. Unless the commissioner by rule or order provides otherwise, sales, purchases, exchanges, loans or extensions of credit, or investments or guarantees involving one-half of one percent or less of an insurer's admitted assets as of the next preceding December 31, are not material for purposes of ~~this section~~ subsections 1 through 12.

12. *Enterprise risk report.* The ultimate controlling person of every insurer subject to registration shall also file an annual enterprise risk report. The report shall, to the best of the ultimate controlling person's knowledge and belief, identify the material risks within the insurance holding company system that could pose enterprise risk to the insurer. The report shall be filed with the lead state commissioner of the insurance holding company system as determined by the procedures within the financial analysis handbook adopted by the ~~national association of insurance commissioners~~ NAIC.

Sec. 5. Section 521A.4, Code 2022, is amended by adding the following new subsections:

NEW SUBSECTION. 12A. *Group capital calculation.*

a. The ultimate controlling person of every insurer subject to registration shall concurrently file with the registration an annual group capital calculation. The calculation must be completed in accordance with the group capital calculation instructions, and must be filed with the lead state commissioner of the insurance holding company system as determined by the procedures in the most recent financial analysis handbook published by the NAIC. As permitted by the group capital calculation instructions, the lead state commissioner may allow a controlling person, other than the ultimate controlling person, to file the group capital calculation. The following insurance holding company systems are exempt from filing the group capital calculation:

(1) An insurance holding company system that has only one insurer within its holding company structure, that only writes business and is only licensed in its domestic state, and that assumes no business from any other insurer.

(2) An insurance holding company system that is required to perform a group capital calculation specified by the federal reserve board, if the board is able to share the calculation with the lead state commissioner pursuant to the terms of applicable information sharing agreements. The exemption shall not apply if the board does not share the calculation with the lead state commissioner.

(3) An insurance holding company system whose non-United States group-wide supervisor is located within a reciprocal

jurisdiction that recognizes the United States' state regulatory approach to group supervision and group capital.

(4) An insurance holding company system that meets all of the following criteria:

(a) The system provides information to a lead state that meets the requirements for accreditation under the NAIC financial standards and accreditation program, either directly or indirectly through the group-wide supervisor who has determined such information is satisfactory to allow the lead state to comply with the group supervision approach as detailed in the most recent financial analysis handbook published by the NAIC.

(b) The system's non-United States' group-wide supervisor that is not in a reciprocal jurisdiction recognizes and accepts, as established by the commissioner by rule, the group capital calculation as the world-wide group capital assessment for United States' insurance groups that operate in that jurisdiction.

b. Notwithstanding paragraph "a", subparagraphs (3) and (4), a lead state commissioner, after any necessary consultation with appropriate supervisors or officials, shall require the United States' operations of any non-United States-based insurance holding company system to file a group capital calculation if the lead state commissioner deems it appropriate for prudential oversight and solvency monitoring purposes, or for ensuring the competitiveness of the insurance marketplace.

c. Notwithstanding paragraph "a", the lead state commissioner shall have the discretion to exempt the ultimate controlling person of an insurer subject to registration from the annual group capital calculation filing requirement, or to allow a limited group capital filing or report in accordance with criteria as established by the commissioner by rule.

d. If the lead state commissioner determines that an insurance holding company system no longer satisfies the criteria for exemption under paragraph "a", subparagraphs (1) through (4), the insurance holding company system shall file the group capital calculation at the next annual filing date, unless for reasonable grounds shown is granted an extension by the lead state commissioner.

NEW SUBSECTION. 12B. *Liquidity stress test.*

a. The ultimate controlling person of every insurer subject to registration, and that meets the scope criteria, shall file the results of a liquidity stress test for each data year that the insurer is subject to the liquidity stress test framework. The filing shall be made to the lead state insurance commissioner of the insurance holding company system as determined by the procedures in the applicable financial analysis handbook published by the NAIC.

b. Any change to the NAIC liquidity stress test framework, or to the data year for which the scope criteria is to be measured, shall be effective on January 1 of the calendar year immediately following the calendar year that the change to the liquidity stress test framework or the data year is adopted by the NAIC.

c. An insurer that meets at least one threshold of the scope criteria shall be subject to the liquidity stress test framework for the specified data year unless the lead state insurance commissioner, in consultation with the NAIC financial stability task force or its successor, determines that the insurer shall be exempt from the liquidity stress test framework for that data year. An insurer that does not meet at least one threshold of the scope criteria for a specified data year may be subject to the liquidity stress test framework if the lead state insurance commissioner, in consultation with the NAIC financial stability task force or its successor, determines that the insurer shall be subject to the liquidity stress test framework for that data year.

d. The performance of, and filing of the results from, a specific year's liquidity stress test shall comply with all the following:

(1) The liquidity stress test framework instructions and reporting template applicable to the corresponding data year.

(2) The determinations made by the lead state insurance commissioner, in conjunction with the NAIC's financial stability task force or its successor, that are provided within the liquidity stress test framework.

Sec. 6. Section 521A.7, subsection 1, Code 2022, is amended to read as follows:

1. a. All information, documents, and copies thereof obtained by or disclosed to the commissioner or any other person in the course of an examination or investigation made pursuant to section 521A.6 or 521A.6A, and all information reported or provided to the commissioner pursuant to sections 521A.4, 521A.5, 521A.6A, and 521A.6B, ~~shall be given confidential treatment~~ shall be considered a confidential record and be recognized and protected as a trade secret pursuant to section 22.7, shall not be subject to subpoena, shall not be subject to discovery or admissible in evidence in a private civil action, and shall not be made public by the commissioner or any other person, except to insurance departments of other states, without the prior written consent of the insurer to which it pertains unless the commissioner, after giving the insurer and its affiliates who would be affected thereby, notice and opportunity to be heard, determines that the interests of policyholders, shareholders, or the public will be served by the publication thereof, in which event the commissioner may publish all or any part thereof in such manner as the commissioner may deem appropriate. However, the commissioner is authorized to use the information, documents, or copies obtained by, disclosed to, or reported or provided to the commissioner as described in this subsection, in the furtherance of any regulatory or legal action brought as a part of the commissioner's official duties.

b. Notwithstanding paragraph "a", the commissioner shall maintain the confidentiality and shall not publish any of the following submitted to the commissioner pursuant to section 521A.4, subsection 12A:

(1) Group capital calculations.

(2) Group capital ratios produced within the group capital calculation.

(3) Any group capital information received from an insurance holding company supervised by the federal reserve board or any United States' group-wide supervisor.

c. Notwithstanding paragraph "a", the commissioner shall maintain the confidentiality and shall not publish any of the following submitted to the commissioner pursuant to section 521A.4, subsection 12B:

(1) Liquidity stress test results and supporting documentation.

(2) Any liquidity stress test information received from an insurance holding company supervised by the federal reserve board or any non-United States' group-wide supervisor.

Sec. 7. Section 521A.7, subsection 3, Code 2022, is amended by striking the subsection and inserting in lieu thereof the following:

3. In order to assist in the performance of the commissioner's duties, the commissioner:

a. May share documents, materials, or other information, including confidential, privileged, and trade secret documents, materials, or information subject to subsection 1, with other state, federal, and international regulatory agencies, the NAIC, any third-party consultants designated by the commissioner, state, federal, and international law enforcement authorities, including members of any supervisory college described in section 521A.6A, if the recipient provides a written attestation that states all of the following:

(1) That the recipient shall maintain the confidentiality, privileged, or trade secret status of the document, material, or other information.

(2) That the recipient has the legal authority to maintain the confidentiality, privileged, or trade secret status of the document, material, or other information.

b. Notwithstanding paragraph "a", the commissioner may only share confidential and privileged documents, materials, or information filed or submitted pursuant to section 521A.4, subsection 12, with the commissioner of a state that has statutes or regulations substantially similar if the commissioner provides a written attestation that the documents, material, or information shall not be disclosed.

c. May receive documents, materials, or information, including otherwise confidential, privileged, proprietary, or trade secret documents, materials, or information from the NAIC and its affiliates and subsidiaries, regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential, privileged, proprietary, or trade secret any document, material, or

information received with either notice or the understanding that it is confidential, privileged, proprietary, or trade secret under the laws of the jurisdiction that is the source of the document, material, or information.

d. Shall enter into a written agreement with the NAIC, and any third-party consultant designated by the commissioner, that governs sharing and the use of information provided pursuant to this chapter, that is consistent with this subsection, and that does all the following:

(1) Specifies procedures and protocols regarding the confidentiality and security of information shared pursuant to this chapter with the NAIC or a third-party consultant designated by the commissioner, including procedures and protocols for the NAIC sharing the information with other state, federal, or international regulators. The agreement must provide that the recipient of the information shared by the NAIC or a third-party consultant designated by the commissioner shall provide a written attestation that states all of the following:

(a) That the recipient shall maintain the confidentiality, privileged, or trade secret status of the information.

(b) That the recipient has the legal authority to maintain the confidentiality, privileged, or trade secret status of the information.

(2) Specifies that ownership of all information shared pursuant to this chapter with the NAIC or a third-party consultant designated by the commissioner remains with the commissioner, and the NAIC's or third-party consultant's use of the information is subject to the direction of the commissioner.

(3) Prohibits the NAIC or a third-party consultant designated by the commissioner from storing the information shared pursuant to this chapter in a permanent database after the underlying analysis is completed. This prohibition shall not apply to filings and supporting documentation made pursuant to section 521A.4, subsection 12A.

(4) Requires prompt notice be given by the NAIC or a third-party consultant designated by the commissioner to an insurer whose confidential information is the possession of the

NAIC or the consultant pursuant to this chapter and that is subject to a request or subpoena to the NAIC or the consultant for disclosure or production.

(5) Requires the NAIC or a third-party consultant designated by the commissioner to consent to intervention by an insurer in any judicial or administrative action in which the NAIC or the consultant may be required to disclose confidential information about the insurer that had been shared with the NAIC or consultant pursuant to this chapter.

(6) Requires notification to an insurer of the identity of a third-party consultant designated by the commissioner that is in possession of the results of the insurer's liquidity stress test or any supporting documentation filed pursuant to section 521A.4, subsection 12B.

Sec. 8. Section 521A.7, subsection 6, Code 2022, is amended to read as follows:

6. Documents, materials, or other information in the possession or control of the ~~national association of insurance commissioners~~ NAIC or a third-party consultant designated by the commissioner pursuant to this chapter shall be confidential by law and privileged, shall not be subject to chapter 22, shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action.

Sec. 9. NEW SECTION. 521A.7A Announcements to the public — prohibition.

1. a. The group capital calculation and all supporting documentation filed pursuant to section 521A.4, subsection 12A, and the liquidity stress test results and all supporting documentation filed pursuant to section 521A.4, subsection 12B, shall be designated as regulatory tools utilized for the purpose of assessing group risks, and capital adequacy and group liquidity risks, respectively, and shall not be construed as a means to rank insurers or insurance holding company systems.

b. Except as otherwise required under this chapter, an insurer, broker, or other person engaged in the business of insurance shall be prohibited from making an announcement to the public. For purposes of this subsection, "announcement to

the public means the use, directly or indirectly, of any print media, broadcast media, electronic media, subscription internet site, internet site available to the public, or any other means to make a representation or statement related to any of the following:

(1) (a) An insurer's or an insurer group's filings made under section 521A.4, subsection 12A, including a group capital calculation and any supporting documentation.

(b) Any component derived from an insurer's or an insurer group's group capital calculation or supporting documentation filed under subparagraph division (a).

(c) Any comparison of an insurer's or an insurer group's group capital calculation, group capital ratio, or other metric calculated or derived from the insurer's or insurer group's filings under subparagraph division (a).


(2) (a) An insurer's or an insurer group's filings made under section 521A.4, subsection 12B, including the result of the liquidity stress test and any supporting documentation.

(b) Any component derived from the results of an insurer's or an insurer group's group liquidity stress test or supporting documentation filed under subparagraph division (a).

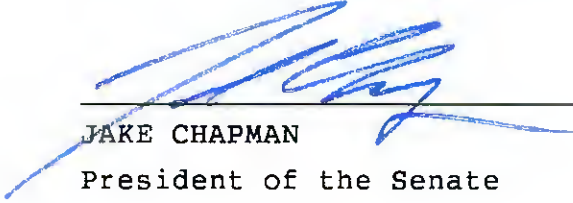
(c) Any comparison of an insurer's or an insurer group's liquidity stress test or other metric calculated or derived from the insurer's or insurer group's filings under subparagraph division (a).

2. If an insurer or an insurer group is able to demonstrate to the commissioner with substantial proof the material falsity or inappropriateness of an announcement made to the public under subsection 1, paragraph "b", by an insurer, broker, or other person engaged in the business of insurance, the insurer or insurer group may publish an announcement in a written publication if the sole purpose of the announcement is to rebut the materially false or inappropriate announcement made to the

public by the insurer, broker, or other person engaged in the business of insurance.

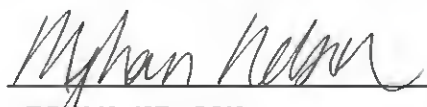


PAT GRASSLEY
Speaker of the House



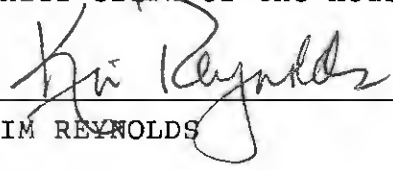
JAKE CHAPMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2217, Eighty-ninth General Assembly.



MEGHAN NELSON
Chief Clerk of the House

Approved May 2nd, 2022



KIM REYNOLDS
Governor