

Chapter 121

(House Bill 252)

AN ACT concerning

**Insurance – Holding Companies – Group Capital Calculation and Liquidity
Stress Test**

FOR the purpose of requiring certain controlling persons of certain insurers in an insurance holding company system to file an annual group calculation as directed by the lead state commissioner of the insurance group; requiring certain controlling persons of certain insurers in an insurance holding company system to file the results of a liquidity stress test for certain years; providing for the confidentiality of certain information; authorizing and requiring the Maryland Insurance Commissioner to take certain actions with respect to certain information; and generally relating to insurance company regulation.

BY repealing and reenacting, with amendments,
Article – Insurance
Section 7–101, 7–106, and 7–603
Annotated Code of Maryland
(2017 Replacement Volume and 2023 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Insurance

7–101.

- (a) In this title the following words have the meanings indicated.
- (b) “Affiliate” means a person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another person.
- (c) “Control”, “controlling”, “controlled by”, or “under common control with” means the direct or indirect possession of the power to direct or cause the direction of the management and policies of a person, through ownership of voting securities or of securities convertible into voting securities, by contract other than a commercial contract for goods or nonmanagement services, or otherwise, whether or not the power is exercised or sought to be exercised unless the power is the result of an official position with or corporate office held by the person.
- (d) (1) “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 material adverse effect on the financial condition or liquidity of the insurer or its insurance holding company system as a whole.

(2) “Enterprise risk” includes anything that would:

(i) cause the insurer’s risk based capital to fall to or below a company action level under Title 4, Subtitle 3 of this article; or

(ii) cause the insurer to be in a hazardous financial condition under § 9–102 of this article.

(E) “GROUP CAPITAL CALCULATION INSTRUCTIONS” MEANS THE GROUP CAPITAL CALCULATION INSTRUCTIONS ADOPTED BY THE NAIC, AS AMENDED FROM TIME TO TIME.

[(e)] (F) “Insurance holding company” means a person that directly or indirectly controls an insurer or controls a person that controls an insurer.

[(f)] (G) “Insurance holding company system” means two or more affiliates, at least one of which is an insurer.

(H) “LEAD STATE COMMISSIONER” MEANS THE LEAD STATE INSURANCE COMMISSIONER OF THE INSURANCE HOLDING COMPANY SYSTEM AS DETERMINED BY THE PROCEDURES IN THE NAIC FINANCIAL ANALYSIS HANDBOOK.

(I) “NAIC” MEANS THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS.

(J) “NAIC LIQUIDITY STRESS TEST FRAMEWORK” MEANS A SEPARATE NAIC PUBLICATION THAT INCLUDES, AS ADOPTED BY THE NAIC AND AS AMENDED:

(1) A HISTORY OF THE NAIC’S DEVELOPMENT OF REGULATORY LIQUIDITY STRESS TESTING;

**(2) THE SCOPE CRITERIA APPLICABLE FOR A SPECIFIC DATA YEAR;
AND**

(3) THE LIQUIDITY STRESS TEST INSTRUCTIONS AND REPORTING TEMPLATES FOR A SPECIFIC DATA YEAR.

(K) “SCOPE CRITERIA” MEANS THE DESIGNATED EXPOSURE BASES ALONG WITH MINIMUM MAGNITUDES OF EXPOSURE FOR THE SPECIFIED DATA YEAR, AS DETAILED IN THE NAIC LIQUIDITY STRESS TEST FRAMEWORK, USED TO ESTABLISH

A PRELIMINARY LIST OF INSURERS CONSIDERED INCLUDED IN THE SCOPE OF THE NAIC LIQUIDITY STRESS TEST FRAMEWORK FOR THAT DATA YEAR.

[(g)] (L) “Subsidiary” means an affiliate of a person that, directly or indirectly, through one or more intermediaries, is controlled by that person.

[(h)] (M) “Ultimate controlling person” means the person within a holding company system that is not controlled by any other person.

7–106.

(a) Except as provided in subsections (b) and (c) of this section or otherwise by law, all information and documents that are filed with the Commissioner in compliance with the requirements of this title or that are reported to, obtained by, or otherwise disclosed to the Commissioner or any other person in the course of an examination or investigation made under this title:

- (1) are confidential material;
- (2) are not subject to subpoena;
- (3) may not be made public by the Commissioner, the [National Association of Insurance Commissioners] **NAIC**, or any other person; and
- (4) are not subject to discovery or admissible in evidence in any civil action.

(b) Material that otherwise is confidential under subsection (a) of this section may be made public by any person who has received the prior written consent of the person to whom the material relates.

(c) If, after giving the person to whom the material relates notice and an opportunity to be heard, the Commissioner determines that it is in the interest of the policyholders, stockholders, or the public to make public any material relating to the person that otherwise is confidential under subsection (a) of this section, the Commissioner may make public all or part of the material in an appropriate manner.

(D) (1) IN ADDITION TO THE PROTECTIONS AFFORDED CONFIDENTIAL INFORMATION FILED UNDER THIS TITLE AND § 2–209 OF THIS ARTICLE, THE FOLLOWING PROVISIONS APPLY EXPRESSLY TO CONFIDENTIAL INFORMATION THAT IS IN THE CONTROL OR POSSESSION OF THE COMMISSIONER AND ~~OBTAINED OR GENERATED DURING AN ANALYSIS CONDUCTED~~ REPORTED OR PROVIDED TO THE COMMISSIONER IN ACCORDANCE WITH § 7–603(I) AND (J) OF THIS TITLE.

(2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, THE DOCUMENT, MATERIAL, OR INFORMATION:

- (I) IS RECOGNIZED AS BEING PROPRIETARY AND TO CONTAIN TRADE SECRETS;
- (II) IS CONFIDENTIAL AND PRIVILEGED;
- (III) IS NOT SUBJECT TO THE PUBLIC INFORMATION ACT;
- (IV) IS NOT SUBJECT TO SUBPOENA; AND
- (V) IS NOT SUBJECT TO DISCOVERY OR ADMISSIBLE IN EVIDENCE IN ANY PRIVATE CIVIL ACTION.

(3) THE COMMISSIONER MAY USE ANY DOCUMENT, MATERIAL, OR INFORMATION THAT IS SUBJECT TO THIS SUBSECTION TO FURTHER ANY REGULATORY OR LEGAL ACTION BROUGHT AS PART OF THE DUTIES OF THE COMMISSIONER.

(4) THE COMMISSIONER AND ANY PERSON THAT RECEIVES A DOCUMENT, MATERIAL, OR INFORMATION THAT IS SUBJECT TO THIS SUBSECTION WHILE ACTING UNDER THE AUTHORITY OF THE COMMISSIONER MAY NOT BE ALLOWED OR REQUIRED TO TESTIFY IN ANY PRIVATE CIVIL ACTION CONCERNING THE DOCUMENT, MATERIAL, OR INFORMATION.

~~(5) A RECIPIENT OF ANY DOCUMENT, MATERIAL, OR INFORMATION GENERATED UNDER § 7-603(I) AND (J) OF THIS TITLE MAY NOT STORE THE DOCUMENT, MATERIAL, OR INFORMATION IN A PERMANENT DATABASE AFTER THE UNDERLYING ANALYSIS IS COMPLETED.~~

~~(6) THE GROUP CAPITAL CALCULATION AND LIQUIDITY TEST, ALONG WITH THE RESULT AND SUPPORTING DISCLOSURES REQUIRED UNDER § 7-603(I) AND (J) OF THIS TITLE MAY NOT BE MADE PUBLIC FOR ANY REASON.~~

(5) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, FOR PURPOSES OF THE INFORMATION REPORTED AND PROVIDED TO THE COMMISSIONER UNDER § 7-603(I) OF THIS TITLE, THE COMMISSIONER SHALL MAINTAIN THE CONFIDENTIALITY OF THE GROUP CAPITAL CALCULATION AND GROUP CAPITAL RATIO PRODUCED WITHIN THE CALCULATION AND ANY GROUP CAPITAL INFORMATION RECEIVED FROM AN INSURANCE HOLDING COMPANY SUPERVISED BY THE FEDERAL RESERVE BOARD OR ANY U.S. GROUP-WIDE SUPERVISOR.

(6) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, FOR PURPOSES OF THE INFORMATION REPORTED AND PROVIDED TO THE COMMISSIONER UNDER § 7-603(J) OF THIS TITLE, THE COMMISSIONER SHALL MAINTAIN THE CONFIDENTIALITY OF THE LIQUIDITY STRESS TEST RESULTS AND SUPPORTING DISCLOSURES AND ANY LIQUIDITY STRESS TEST INFORMATION RECEIVED FROM AN INSURANCE HOLDING COMPANY SUPERVISED BY THE FEDERAL RESERVE BOARD AND NON-U.S. GROUP-WIDE SUPERVISORS.

(7) IN ORDER TO ASSIST IN THE PERFORMANCE OF THE COMMISSIONER'S DUTIES, THE COMMISSIONER:

(I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS PARAGRAPH, MAY SHARE DOCUMENTS, MATERIALS, OR OTHER INFORMATION, INCLUDING CONFIDENTIAL AND PRIVILEGED INFORMATION, THAT MAY INCLUDE PROPRIETARY AND TRADE SECRET DOCUMENTS AND MATERIALS WITH OTHER STATE, FEDERAL, AND INTERNATIONAL REGULATORY AGENCIES, THE NAIC, ANY THIRD-PARTY CONSULTANTS DESIGNATED BY THE COMMISSIONER, AND STATE, FEDERAL, AND INTERNATIONAL LAW ENFORCEMENT AUTHORITIES, INCLUDING MEMBERS OF ANY SUPERVISORY COLLEGE DESCRIBED IN § 2-209.1 OF THIS ARTICLE, IF THE RECIPIENT:

1. AGREES IN WRITING TO MAINTAIN THE CONFIDENTIALITY AND PRIVILEGED STATUS OF THE DOCUMENT, MATERIAL, OR OTHER INFORMATION; AND

2. HAS VERIFIED IN WRITING THE LEGAL AUTHORITY TO MAINTAIN CONFIDENTIALITY;

(II) MAY SHARE ONLY CONFIDENTIAL AND PRIVILEGED DOCUMENTS, MATERIAL, OR INFORMATION REPORTED UNDER § 7-603(H) OF THIS TITLE WITH THE COMMISSIONERS OF STATES HAVING STATUTES OR REGULATIONS SUBSTANTIALLY SIMILAR TO THIS SECTION AND WHO HAVE AGREED IN WRITING NOT TO DISCLOSE THE INFORMATION;

(III) 1. MAY RECEIVE DOCUMENTS, MATERIALS, OR INFORMATION, INCLUDING OTHERWISE CONFIDENTIAL AND PRIVILEGED DOCUMENTS, MATERIALS, AND INFORMATION, THAT MAY INCLUDE PROPRIETARY AND TRADE SECRET INFORMATION FROM THE NAIC AND ITS AFFILIATES AND SUBSIDIARIES AND FROM REGULATORY AND LAW ENFORCEMENT OFFICIALS OF OTHER FOREIGN OR DOMESTIC JURISDICTIONS; AND

2. SHALL MAINTAIN AS CONFIDENTIAL AND PRIVILEGED ANY DOCUMENT, MATERIAL, OR INFORMATION RECEIVED WITH NOTICE OR THE

UNDERSTANDING THAT IT IS CONFIDENTIAL OR PRIVILEGED UNDER THE LAWS OF THE JURISDICTION THAT IS THE SOURCE OF THE DOCUMENT, MATERIAL, OR INFORMATION; AND

(IV) SHALL ENTER INTO WRITTEN AGREEMENTS WITH THE NAIC AND ANY THIRD-PARTY CONSULTANT DESIGNATED BY THE COMMISSIONER GOVERNING THE SHARING AND USE OF INFORMATION PROVIDED IN ACCORDANCE WITH THIS TITLE AND CONSISTENT WITH THIS SECTION.

(8) AN AGREEMENT ENTERED INTO UNDER PARAGRAPH (7)(IV) OF THIS SUBSECTION SHALL:

(I) SPECIFY PROCEDURES AND PROTOCOLS REGARDING CONFIDENTIALITY AND SECURITY OF INFORMATION SHARED WITH THE NAIC OR A THIRD-PARTY CONSULTANT DESIGNATED BY THE COMMISSIONER UNDER THIS TITLE, INCLUDING PROCEDURES AND PROTOCOLS FOR THE SHARING OF THE INFORMATION BY THE NAIC WITH OTHER STATE, FEDERAL, OR INTERNATIONAL REGULATORS;

(II) PROVIDE THAT THE RECIPIENT AGREES IN WRITING TO MAINTAIN THE CONFIDENTIALITY AND PRIVILEGED STATUS OF THE DOCUMENTS, MATERIALS, AND OTHER INFORMATION AND HAS VERIFIED IN WRITING THE LEGAL AUTHORITY TO MAINTAIN THE CONFIDENTIALITY;

(III) SPECIFY THAT OWNERSHIP OF INFORMATION SHARED WITH THE NAIC OR A THIRD-PARTY CONSULTANT UNDER THIS TITLE REMAINS WITH THE COMMISSIONER AND THE USE OF THE INFORMATION IS SUBJECT TO THE DIRECTION OF THE COMMISSIONER;

(IV) EXCLUDING DOCUMENTS, MATERIAL, OR INFORMATION REPORTED UNDER § 7-603(J) OF THIS TITLE, PROHIBIT THE NAIC OR A THIRD-PARTY CONSULTANT DESIGNATED BY THE COMMISSIONER FROM STORING THE INFORMATION SHARED UNDER THIS TITLE IN A PERMANENT DATABASE AFTER THE UNDERLYING ANALYSIS IS COMPLETED;

(V) REQUIRE PROMPT NOTICE TO BE GIVEN TO AN INSURER WHOSE CONFIDENTIAL INFORMATION IN THE POSSESSION OF THE NAIC OR A THIRD-PARTY CONSULTANT DESIGNATED BY THE COMMISSIONER IS SUBJECT TO A REQUEST OR SUBPOENA TO THE NAIC OR A THIRD-PARTY CONSULTANT DESIGNATED BY THE COMMISSIONER FOR DISCLOSURE OR PRODUCTION;

(VI) REQUIRE 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 A THIRD-PARTY CONSULTANT DESIGNATED BY THE COMMISSIONER MAY BE REQUIRED TO DISCLOSE CONFIDENTIAL INFORMATION ABOUT THE INSURER SHARED BY THE NAIC OR A THIRD-PARTY CONSULTANT DESIGNATED BY THE COMMISSIONER; AND

(VII) FOR DOCUMENTS, MATERIAL, OR INFORMATION REPORTED UNDER § 7-603(J) OF THIS TITLE, PROVIDE FOR THE NOTIFICATION OF THE IDENTITY OF THE CONSULTANT TO THE APPLICABLE INSURERS, IN THE CASE OF AN AGREEMENT INVOLVING A THIRD-PARTY CONSULTANT.

(9) (I) THE SHARING OF INFORMATION BY THE COMMISSIONER UNDER THIS TITLE MAY NOT CONSTITUTE A DELEGATION OF REGULATORY AUTHORITY OR RULEMAKING.

(II) THE COMMISSIONER IS SOLELY RESPONSIBLE FOR THE ADMINISTRATION, EXECUTION, AND ENFORCEMENT OF THIS TITLE.

(10) A WAIVER OF ANY APPLICABLE PRIVILEGE OR CLAIM OF CONFIDENTIALITY IN THE DOCUMENTS, MATERIALS, OR INFORMATION MAY NOT OCCUR AS A RESULT OF DISCLOSURE TO THE COMMISSIONER OR AS A RESULT OF SHARING AS AUTHORIZED IN THIS SECTION.

(11) THE GROUP CAPITAL CALCULATION AND RESULTING GROUP CAPITAL RATIO REQUIRED UNDER § 7-603(I) OF THIS TITLE AND THE LIQUIDITY STRESS TEST ALONG WITH ITS RESULTS AND SUPPORTING DISCLOSURES REQUIRED UNDER § 7-603(J) OF THIS TITLE ARE REGULATORY TOOLS FOR ASSESSING GROUP RISKS AND CAPITAL ADEQUACY AND GROUP LIQUIDITY RISKS, RESPECTIVELY, AND ARE NOT INTENDED AS A MEANS TO RANK INSURERS OR INSURANCE HOLDING COMPANY SYSTEMS GENERALLY.

(12) DISCLOSURE OF GROUP CAPITAL CALCULATION, GROUP CAPITAL RATIO, LIQUIDITY STRESS TEST RESULTS, OR SUPPORTING DISCLOSURES BY ANY INSURER, BROKER, OR OTHER PERSON ENGAGED IN ANY MANNER OF THE INSURANCE BUSINESS IS SUBJECT TO THE FOLLOWING:

(I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS PARAGRAPH OR AS OTHERWISE REQUIRED BY THIS TITLE, THE DIRECT OR INDIRECT DISCLOSURE, IN ANY WRITTEN, ELECTRONIC, OR OTHER MANNER AS AN ADVERTISEMENT, AN ANNOUNCEMENT OR A STATEMENT CONTAINING A REPRESENTATION, OR A STATEMENT WITH REGARD TO THE GROUP CAPITAL CALCULATION, GROUP CAPITAL RATIO, THE LIQUIDITY STRESS TEST RESULTS, OR SUPPORTING DISCLOSURES FOR THE LIQUIDITY STRESS TEST OF ANY INSURER OR ANY INSURER GROUP, OR OF ANY

COMPONENT DERIVED IN THE CALCULATION BY ANY INSURER, BROKER, OR OTHER PERSON ENGAGED IN ANY MANNER IN THE INSURANCE BUSINESS WOULD BE MISLEADING AND IS THEREFORE PROHIBITED; AND

(II) THE INSURER MAY PUBLISH ANNOUNCEMENTS IN A WRITTEN PUBLICATION IF:

1. ANY MATERIALLY FALSE STATEMENT WITH RESPECT TO THE GROUP CAPITAL CALCULATION, RESULTING GROUP CAPITAL RATIO, AN INAPPROPRIATE COMPARISON OF ANY AMOUNT TO AN INSURER'S OR INSURANCE GROUP'S GROUP CAPITAL CALCULATION OR RESULTING GROUP CAPITAL RATIO, LIQUIDITY STRESS TEST RESULT, SUPPORTING DISCLOSURES FOR THE LIQUIDITY STRESS TEST, OR AN INAPPROPRIATE COMPARISON OF ANY AMOUNT TO AN INSURER'S OR INSURANCE GROUP'S LIQUIDITY STRESS TEST RESULT OR SUPPORTING DISCLOSURES IS PUBLISHED IN ANY WRITTEN PUBLICATION AND THE INSURER IS ABLE TO DEMONSTRATE TO THE COMMISSIONER WITH SUBSTANTIAL PROOF THE FALSITY OF THE STATEMENT OR THE INAPPROPRIATENESS OF THE COMPARISON; AND

2. THE SOLE PURPOSE OF THE ANNOUNCEMENTS IS TO REBUT THE MATERIALLY FALSE STATEMENT OR INAPPROPRIATE COMPARISON.

7-603.

(a) Each insurer subject to registration shall file the registration statement on the form provided by the Commissioner, containing the following current information:

(1) the corporate and capital structure, general financial condition, ownership, and management of the insurer and of any person controlling the insurer;

(2) the identity and relationship of each member of the insurance holding company system;

(3) any pledge of the insurer's stock, including stock of a subsidiary or controlling affiliate, for a loan made to any member of the insurance holding company system;

(4) the following agreements in force, and transactions currently outstanding or that have occurred during the previous calendar year between the insurer and the insurer's affiliates:

(i) loans, other investments, purchases, sales, and exchanges of securities of the affiliates by the insurer or of the insurer by its affiliates;

(ii) purchases, sales, and exchanges of assets;

- (iii) transactions not in the ordinary course of business;
 - (iv) except for insurance contracts entered into in the ordinary course of the insurer's business, guarantees or undertakings for the benefit of an affiliate that result in an actual contingent exposure to liability of the insurer's assets;
 - (v) management agreements, service contracts, and cost-sharing arrangements;
 - (vi) reinsurance agreements;
 - (vii) dividends and other distributions to shareholders; and
 - (viii) consolidated tax allocation agreements;
- (5) statements that the insurer's board of directors oversees corporate governance and internal controls and that the insurer's officers or senior management have approved, implemented, and continue to maintain and monitor corporate governance and internal control procedures;
- (6) on request from the Commissioner and in accordance with subsection (f) of this section, financial statements of or within an insurance holding company system, including all affiliates;
- (7) any other matters about transactions between the insurer and its affiliates that the registration statement form requires; and
- (8) a summary outlining all items in the current registration statement that represent changes from the prior registration statement.
- (b) Each affiliate in an insurance holding company system shall give an insurer subject to registration under this subtitle that is in the same insurance holding company system complete and accurate information if that information is reasonably necessary to enable the insurer to comply with this subtitle.
- (c) Each insurer required to register under this subtitle shall, on request of the insurance commissioner of any state where the insurer is authorized to do business, file with that commissioner a copy of the registration statement summary required by subsection (a)(8) of this section.
- (d) The Commissioner may allow or require affiliated insurers subject to registration under this subtitle to file a consolidated registration statement.
- (e) The Commissioner may require an insurer that is a member of an insurance holding company system and that is not subject to registration under this subtitle to provide

to the Commissioner a copy of the registration statement or other information that the insurer files with the commissioner of the insurer's domiciliary jurisdiction.

(f) (1) Financial statements required under subsection (a)(6) of this section may include annual audited financial statements filed with the U.S. Securities and Exchange Commission under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

(2) An insurer required to file financial statements under subsection (a) of this section may satisfy the request by providing the Commissioner with the most recently filed parent corporation financial statements that have been filed with the U.S. Securities and Exchange Commission.

(g) (1) [Unless] **EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION AND UNLESS** otherwise provided by the Commissioner through regulation or order, a sale, a purchase, an exchange, a loan or an extension of credit, an investment, or a guarantee involving 0.5% or less of an insurer's admitted assets as of the December 31 immediately preceding the transaction is not material for purposes of this section.

(2) Information need not be disclosed on the registration statement filed under subsection (a) of this section if the information is not material.

(3) PARAGRAPH (1) OF THIS SUBSECTION DOES NOT APPLY FOR PURPOSES OF THE GROUP CAPITAL CALCULATION OR THE LIQUIDITY STRESS TEST FRAMEWORK.

(h) (1) Beginning in 2015, the ultimate controlling person of every insurer subject to registration shall file an annual enterprise risk report on or before July 1 of each year unless the Commissioner extends the time for filing for good cause.

(2) The enterprise risk 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.

(3) The enterprise risk report shall be filed with the lead state commissioner of the insurance holding company system as defined and determined by the procedures in the **NAIC** Financial Analysis Handbook [adopted by the National Association of Insurance Commissioners].

(4) The Commissioner may share the enterprise risk report filed under paragraph (1) of this subsection with an insurance regulatory agency in a state that has laws or regulations that the Commissioner determines are substantially similar to § 2-209(g) and (h) of this article, only if the agency agrees in writing to maintain the confidentiality and privileged status of the report.

(I) (1) (I) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE ULTIMATE CONTROLLING PERSON OF EACH INSURER SUBJECT TO REGISTRATION UNDER THIS SUBTITLE SHALL CONCURRENTLY FILE WITH THE REGISTRATION STATEMENT AN ANNUAL GROUP CAPITAL CALCULATION AS DIRECTED BY THE LEAD STATE COMMISSIONER OF THE INSURANCE GROUP.

(II) 1. THE REPORT SHALL BE COMPLETED IN ACCORDANCE WITH THE NAIC GROUP CAPITAL CALCULATION INSTRUCTIONS.

2. THE NAIC GROUP CAPITAL CALCULATION INSTRUCTIONS MAY AUTHORIZE THE LEAD STATE COMMISSIONER TO ALLOW A CONTROLLING PERSON THAT IS NOT THE ULTIMATE CONTROLLING PERSON TO FILE THE GROUP CAPITAL CALCULATION.

(III) THE REPORT SHALL BE FILED WITH THE LEAD STATE COMMISSIONER OF THE INSURANCE HOLDING COMPANY SYSTEM AS DETERMINED BY THE LEAD STATE COMMISSIONER IN ACCORDANCE WITH THE PROCEDURES IN THE NAIC FINANCIAL ANALYSIS HANDBOOK.

(2) THE FOLLOWING INSURANCE HOLDING COMPANY SYSTEMS ARE EXEMPT FROM FILING THE GROUP CAPITAL CALCULATION:

(I) AN INSURANCE HOLDING COMPANY SYSTEM THAT:

1. HAS ONLY ONE INSURER WITHIN ITS HOLDING COMPANY STRUCTURE;
2. ONLY WRITES BUSINESS AND IS ONLY LICENSED IN ITS DOMESTIC STATE; AND
3. ASSUMES NO BUSINESS FROM ANY OTHER INSURER;

(II) AN INSURANCE HOLDING COMPANY SYSTEM THAT IS REQUIRED TO PERFORM A GROUP CAPITAL CALCULATION SPECIFIED BY THE FEDERAL RESERVE BOARD IS EXEMPT IF:

~~1. THE LEAD STATE COMMISSIONER REQUESTS THE CALCULATION FROM THE FEDERAL RESERVE BOARD UNDER THE TERMS OF INFORMATION SHARING AGREEMENTS IN EFFECT; AND~~

~~2. THE FEDERAL RESERVE BOARD SHARES THE CALCULATION WITH THE LEAD STATE COMMISSIONER, UNLESS THE FEDERAL RESERVE BOARD CANNOT SHARE THE CALCULATION WITH THE LEAD STATE COMMISSIONER AFTER THE LEAD STATE COMMISSIONER MAKES A REQUEST UNDER~~

THE TERMS OF INFORMATION SHARING AGREEMENTS IN EFFECT AT THE TIME THE REQUEST IS MADE;

(III) AN INSURANCE HOLDING COMPANY SYSTEM WHOSE ~~FOREIGN NON-U.S.~~ GROUP-WIDE SUPERVISOR IS LOCATED WITHIN A RECIPROCAL JURISDICTION AS DESCRIBED IN § 5-917 OF THIS ARTICLE THAT RECOGNIZES THE U.S. STATE REGULATORY APPROACH TO GROUP SUPERVISION AND GROUP CAPITAL;

(IV) AN INSURANCE HOLDING COMPANY SYSTEM THAT PROVIDES INFORMATION TO THE 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 THAT THE INFORMATION IS SATISFACTORY TO ALLOW THE LEAD STATE TO COMPLY WITH THE NAIC GROUP SUPERVISION APPROACH, AS DETAILED IN THE NAIC FINANCIAL ANALYSIS HANDBOOK; AND

(V) AN INSURANCE HOLDING COMPANY SYSTEM WHOSE ~~FOREIGN NON-U.S.~~ GROUP-WIDE SUPERVISOR THAT IS NOT IN A RECIPROCAL JURISDICTION RECOGNIZES AND ACCEPTS, AS THE LEAD STATE COMMISSIONER SPECIFIES BY REGULATION, THE GROUP CAPITAL CALCULATION AS THE WORLD-WIDE GROUP CAPITAL ASSESSMENT FOR U.S. INSURANCE GROUPS THAT OPERATE IN THAT JURISDICTION.

(3) NOTWITHSTANDING PARAGRAPH ~~(2)~~ (2)(III), (IV), AND (V) OF THIS SUBSECTION, THE LEAD STATE COMMISSIONER SHALL REQUIRE THE GROUP CAPITAL CALCULATION FOR U.S. OPERATIONS OF ANY ~~FOREIGN-BASED NON-U.S.-BASED~~ INSURANCE HOLDING COMPANY SYSTEM IF, AFTER ANY NECESSARY CONSULTATION WITH OTHER SUPERVISORS OR OFFICIALS, THE LEAD STATE COMMISSIONER DETERMINES THAT THE GROUP CAPITAL CALCULATION IS APPROPRIATE FOR PRUDENTIAL OVERSIGHT AND SOLVENCY MONITORING PURPOSES OR FOR ENSURING THE COMPETITIVENESS OF THE INSURANCE MARKETPLACE.

(4) NOTWITHSTANDING THE EXEMPTIONS FROM FILING THE GROUP CAPITAL CALCULATION STATED IN PARAGRAPH (2) OF THIS SUBSECTION, THE LEAD STATE COMMISSIONER MAY EXEMPT THE ULTIMATE CONTROLLING PERSON FROM FILING THE ANNUAL GROUP CAPITAL CALCULATION OR MAY ACCEPT A LIMITED GROUP CAPITAL FILING OR REPORT IN ACCORDANCE WITH CRITERIA THE LEAD STATE COMMISSIONER SPECIFIES BY REGULATION.

(5) IF THE LEAD STATE COMMISSIONER DETERMINES THAT AN INSURANCE HOLDING COMPANY SYSTEM NO LONGER MEETS ONE OR MORE OF THE

REQUIREMENTS FOR AN EXEMPTION FROM FILING THE GROUP CAPITAL CALCULATION UNDER THIS SUBSECTION, THE INSURANCE HOLDING COMPANY SYSTEM SHALL FILE THE GROUP CAPITAL CALCULATION AT THE NEXT ANNUAL FILING DATE UNLESS THE LEAD STATE COMMISSIONER GRANTS AN EXTENSION BASED ON REASONABLE GROUNDS SHOWN.

(J) (1) THE ULTIMATE CONTROLLING PERSON OF EVERY INSURER THAT IS SUBJECT TO REGISTRATION UNDER THIS SECTION AND INCLUDED IN THE SCOPE OF THE NAIC LIQUIDITY STRESS TEST FRAMEWORK SHALL FILE THE RESULTS OF A SPECIFIC YEAR'S LIQUIDITY STRESS TEST CONCURRENTLY WITH THE REGISTRATION STATEMENT.

(2) THE FILING SHALL BE MADE TO THE LEAD STATE INSURANCE COMMISSIONER OF THE INSURANCE HOLDING COMPANY SYSTEM AS DETERMINED BY THE PROCEDURES IN THE NAIC FINANCIAL ANALYSIS HANDBOOK IN ACCORDANCE WITH PARAGRAPH (3) OF THIS SUBSECTION.

(3) (I) 1. THE NAIC LIQUIDITY STRESS TEST FRAMEWORK INCLUDES SCOPE CRITERIA APPLICABLE TO A SPECIFIC DATA YEAR.

2. THE SCOPE CRITERIA ARE REVIEWED AT LEAST ANNUALLY BY THE FINANCIAL STABILITY TASK FORCE OR ITS SUCCESSOR.

3. ANY CHANGES TO THE NAIC LIQUIDITY STRESS TEST FRAMEWORK OR TO THE DATA YEAR FOR WHICH THE SCOPE CRITERIA ARE TO BE MEASURED SHALL BE EFFECTIVE ON JANUARY 1 OF THE YEAR FOLLOWING THE CALENDAR YEAR WHEN THE CHANGES ARE ADOPTED.

(II) INSURERS MEETING AT LEAST ONE THRESHOLD OF THE SCOPE CRITERIA ARE CONSIDERED INCLUDED IN THE SCOPE OF THE NAIC LIQUIDITY STRESS TEST FRAMEWORK FOR THE SPECIFIED DATA YEAR UNLESS THE LEAD STATE COMMISSIONER, IN CONSULTATION WITH THE NAIC FINANCIAL STABILITY TASK FORCE OR ITS SUCCESSOR, DETERMINES THAT THE INSURER SHOULD NOT BE INCLUDED IN THE SCOPE OF THE FRAMEWORK FOR THAT DATA YEAR.

(III) INSURERS THAT DO NOT TRIGGER AT LEAST ONE THRESHOLD OF THE SCOPE CRITERIA ARE CONSIDERED EXCLUDED FROM THE SCOPE OF THE NAIC LIQUIDITY STRESS TEST FRAMEWORK FOR THE SPECIFIED DATA YEAR, UNLESS THE LEAD STATE COMMISSIONER, IN CONSULTATION WITH THE NAIC FINANCIAL STABILITY TASK FORCE OR ITS SUCCESSOR, DETERMINES THAT THE INSURER SHOULD BE INCLUDED IN THE SCOPE OF THE FRAMEWORK FOR THAT DATA YEAR.

(IV) ON REQUEST BY AN INSURER, THE LEAD STATE COMMISSIONER MAY CONSULT WITH THE FINANCIAL STABILITY TASK FORCE OR ITS SUCCESSOR TO ADDRESS THE INSURER'S EXPERIENCE OF BEING INCLUDED IN OR EXCLUDED FROM THE SCOPE OF THE NAIC LIQUIDITY STRESS TEST FRAMEWORK ON A FREQUENT BASIS.

(V) THE PERFORMANCE OF, AND FILING OF THE RESULTS FROM, A SPECIFIC YEAR'S LIQUIDITY STRESS TEST SHALL COMPLY WITH THE NAIC LIQUIDITY STRESS TEST FRAMEWORK'S INSTRUCTIONS AND REPORTING TEMPLATES FOR THAT YEAR AND ANY LEAD STATE INSURANCE COMMISSIONER DETERMINATIONS, IN CONSULTATION WITH THE FINANCIAL STABILITY TASK FORCE OR ITS SUCCESSOR, INCLUDED IN THE FRAMEWORK.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2024.

Approved by the Governor, April 9, 2024.