



Ohio Revised Code

Section 3901.33 Registration; enterprise risk report; group capital calculation; liquidity stress test.

Effective: July 21, 2022

Legislation: Senate Bill 256 - 134th General Assembly

(A) Every insurer that is authorized to do business in this state and that is a member of an insurance holding company system shall register with the superintendent of insurance, except a foreign insurer subject to disclosure requirements and standards adopted by statute or regulation in the jurisdiction of its domicile that are substantially similar to those contained in this section and section 3901.341 of the Revised Code. Every insurer that is subject to registration under this section shall register initially not later than thirty days after it becomes subject to registration, unless the superintendent for good cause shown extends the time for registration, and then within the extended time, and every such insurer shall register annually after its initial registration. The superintendent may require any authorized insurer that is a member of a holding company system that is not subject to registration under this section to furnish a copy of the registration statement or other information filed by the insurance company with the insurance regulatory authority of domiciliary jurisdiction.

(B) Every insurer subject to registration shall file a registration statement with the superintendent on a form and in a format provided by the superintendent, which shall contain current information about all of the following:

- (1) The capital structure, general financial condition, ownership, and management of the insurer and any person controlling the insurer;
- (2) The identity of every member of the insurance holding company system;
- (3) The following agreements in force, relationships subsisting, and transactions currently outstanding between the insurer and its affiliates:
 - (a) Loans, other investments, or purchases, sales or exchanges of securities of the affiliates by the insurer or of the insurer by its affiliates;



- (b) Purchases, sales, or exchanges of assets;
 - (c) Transactions not in the ordinary course of business;
 - (d) Guarantees or undertakings for the benefit of an affiliate that result in an actual contingent exposure of the insurer's assets to liability, other than insurance contracts entered into in the ordinary course of the insurer's business;
 - (e) All management and service contracts and all cost-sharing arrangements;
 - (f) Reinsurance agreements;
 - (g) Dividends and other distributions to shareholders;
 - (h) Consolidated tax allocation agreements.
- (4) Any pledge of the insurer's stock, including stock of any subsidiary or controlling affiliate, for a loan made to any member of the insurance holding company system;
- (5) If requested by the superintendent, financial statements of an insurance holding company system, including all affiliates. Financial statements may include annual audited financial statements filed with the United States securities and exchange commission pursuant to the "Securities Act of 1933," 48 Stat. 74, 15 U.S.C. 77a, or the "Securities Exchange Act of 1934," 48 Stat. 881, 15 U.S.C. 78a. The insurer may satisfy the request by providing the superintendent with the most recently filed parent corporation financial statements that have been filed with the securities and exchange commission.
- (6) Other matters concerning transactions between registered insurers and any affiliates as may be included from time to time in any registration forms adopted or approved by the superintendent;
- (7) Statements that the insurer's or its ultimate controlling person's board of directors oversees corporate governance and internal controls and that the insurer's or its ultimate controlling person's officers or senior management have approved, implemented, and continue to maintain and monitor



corporate governance and internal control procedures;

(8) Any other information required by the superintendent by rule or regulation.

(C) Each registration statement filed pursuant to division (B) of this section shall summarize the information that has changed from the prior registration statement filed pursuant to that division.

(D) No information need be disclosed on the registration statement filed pursuant to division (B) of this section if the information is not material for the purposes of this section. Unless the superintendent by rule, regulation, or order provides otherwise, sales, purchases, exchanges, loans or extensions of credit, or investments involving one-half of one per cent or less of an insurer's admitted assets as of the thirty-first day of December next preceding shall not be deemed material for the purposes of this section. The definition of materiality provided in this division shall not apply for purposes of the group capital calculation or the liquidity stress test framework.

(E) Each registered insurer shall keep current the information required to be disclosed in its registration statement by reporting all material changes or additions on amendment forms provided by the superintendent within fifteen days after the end of the month in which it learns of each change or addition.

(F) The superintendent shall terminate the registration of any insurer that demonstrates that it no longer is a member of an insurance holding company system.

(G) The superintendent may require or allow two or more affiliated insurers subject to registration under this section to file a consolidated registration statement or consolidated reports amending their consolidated registration statement or their individual registration statements.

(H) The superintendent may allow an insurer that is authorized to do business in this state and that is part of an insurance holding company system to register on behalf of any affiliated insurer that is required to register under division (A) of this section and to file all information and material required to be filed under this section.

(I) This section does not apply to any insurer, information, or transaction if and to the extent that the



superintendent by rule, regulation, or order exempts it from this section.

(J) Any person may file with the superintendent a disclaimer of affiliation with any authorized insurer or such a disclaimer may be filed by the insurer or any member of an insurance holding company system. The disclaimer shall fully disclose all material relationships and bases for affiliation between the person and the insurer as well as the basis for disclaiming the affiliation. After a disclaimer has been filed, the insurer shall be relieved of any duty to register or report under this section which may arise out of the insurer's relationship with the person unless and until the superintendent disallows the disclaimer. The superintendent shall disallow such a disclaimer only in the manner provided in Chapter 119. of the Revised Code.

(K) The ultimate controlling person of every insurer subject to registration under this section also shall file an annual enterprise risk report. The report shall be appropriate to the nature, scale, and complexity of the operations of the insurance holding company system and 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 ultimate controlling person shall file the report 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.

(L)(1)(a) Except as provided below, the ultimate controlling person of every insurer subject to registration shall annually file a group capital calculation as directed by the lead state commissioner. This filing is required not later than June 1, 2023, and on or before the first day of June each year thereafter.

(b) The filing requirements prescribed under division (L) of this section shall not be required by the superintendent prior to June 1, 2023. However, the superintendent may permit filing prior to that date.

(2) The report shall be completed in accordance with the national association of insurance commissioners group capital calculation instructions, which may permit the lead state commissioner to allow a controlling person that is not the ultimate controlling person to file the group capital calculation.



(3) The report shall be filed with the lead state commissioner of the insurance holding company system as determined by the superintendent of insurance in accordance with the procedures within the financial analysis handbook adopted by the national association of insurance commissioners.

(4) Insurance holding company systems described below are exempt from filing the group capital calculation:

(a) 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 assumes no business from any other insurer;

(b)(i) An insurance holding company system that is required to perform a group capital calculation specified by the United States federal reserve board.

(ii) The lead state commissioner shall request the calculation from the federal reserve board under the terms of information sharing agreements in effect.

(iii) If the federal reserve board cannot share the calculation with the lead state commissioner, the insurance holding company system is not exempt from the group capital calculation filing.

(c) An insurance holding company system whose non-U.S., group-wide supervisor is located within a reciprocal jurisdiction, as described in section 3901.62 of the Revised Code, that recognizes the United States state regulatory approach to group supervision and group capital;

(d) An insurance holding company system that meets both of the following:

(i) The insurance holding company provides information to the lead state that meets the requirements for accreditation under the national association of insurance commissioners 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 national association of insurance commissioners group supervision approach, as detailed in the national association of insurance commissioners financial analysis handbook.



(ii) The insurance holding company has a non-United States group-wide supervisor that is not in a reciprocal jurisdiction that recognizes and accepts, as specified by the superintendent in rule, the group capital calculation as the world-wide group capital assessment for United States insurance groups who operate in that jurisdiction.

(5) Notwithstanding the provisions of divisions (L)(4)(c) and (d) of this section, a lead state commissioner shall require the group capital calculation for United States operations of any non-United States based insurance holding company system where, after any necessary consultation with other supervisors or officials, it is deemed appropriate by the lead state commissioner for prudential oversight and solvency monitoring purposes or for ensuring the competitiveness of the insurance marketplace.

(6) Notwithstanding the exemptions from filing the group capital calculation stated in divisions (L)(4)(a) to (d) of this section, the lead state commissioner has the discretion to exempt the ultimate controlling person from filing the annual group capital calculation or to accept a limited group capital filing or report in accordance with criteria as specified by the superintendent in rule.

(7) 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 section, the insurance holding company system shall file the group capital calculation at the next annual filing date unless given an extension by the lead state commissioner based on reasonable grounds shown.

(8) Until June 1, 2025, an insurance holding company system that does not write business outside the United States is not required to file a group capital calculation.

(M)(1) The ultimate controlling person of every insurer subject to registration and also scoped into the national association of insurance commissioners liquidity stress test framework shall file the results of a specific year's liquidity stress test.

(2) The filing shall be made to the lead state insurance 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.

(3)(a) The national association of insurance commissioners liquidity stress test framework includes scope criteria applicable to a specific data year. These scope criteria are reviewed at least annually by the financial stability task force or its successor.

(b) Any change to the national association of insurance commissioners 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 such changes are adopted.

(c) Insurers meeting at least one threshold of the scope criteria are considered scoped into the national association of insurance commissioners liquidity stress test framework for the specified data year unless the lead state insurance commissioner, in consultation with the national association of insurance commissioners financial stability task force or its successor, determines the insurer should not be scoped into the framework for that data year.

(d) Insurers that do not trigger at least one threshold of the scope criteria are considered scoped out of the national association of insurance commissioners liquidity stress test framework for the specified data year, unless the lead state insurance commissioner, in consultation with the national association of insurance commissioners financial stability task force or its successor, determines the insurer should be scoped into the framework for that data year.

(e) Regulators wish to avoid having insurers scoped in and out of the national association of insurance commissioners liquidity stress test framework on a frequent basis. The lead state insurance commissioner, in consultation with the financial stability task force or its successor, will assess this concern as part of the determination for an insurer.

(f) The performance of, and filing of the results from, a specific year's liquidity stress test shall comply with the national association of insurance commissioners 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, provided within the framework.



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(N) The failure to file any registration statement or any amendment thereto or enterprise risk report required by this section within the time specified for the filing is a violation of this section.