

HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3489

03/23/2016 Authored by Loon  
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform  
04/07/2016 Adoption of Report: Placed on the General Register  
Read Second Time

1.1 A bill for an act  
1.2 relating to commerce; modifying minimum solvency requirements for health  
1.3 insurers and fraternal to conform to the accreditation standards of the National  
1.4 Association of Insurance Commissioners; amending Minnesota Statutes 2014,  
1.5 sections 60A.52, subdivision 1; 64B.42, subdivision 1.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2014, section 60A.52, subdivision 1, is amended to read:

1.8 Subdivision 1. **Definition.** "Company action level event" means the following events:

1.9 (1) the filing of an RBC report by a health organization that indicates that: (i) the  
1.10 health organization's total adjusted capital is greater than or equal to its regulatory action  
1.11 level RBC but less than its company action level RBC; or (ii) the health organization has  
1.12 total adjusted capital which is greater than or equal to its company action level RBC  
1.13 but less than the product of its authorized control level RBC and 3.0 and triggers the  
1.14 trend test determined in accordance with the trend test calculation included in the health  
1.15 RBC instructions;

1.16 (2) notification by the commissioner to the health organization of an adjusted RBC  
1.17 report that indicates an event in clause (1), provided the health organization does not  
1.18 challenge the adjusted RBC report under section 60A.56; or

1.19 (3) if, pursuant to section 60A.56, a health organization challenges an adjusted  
1.20 RBC report that indicates the event in clause (1), the notification by the commissioner  
1.21 to the health organization that the commissioner has, after a hearing, rejected the health  
1.22 organization's challenge.

1.23 Sec. 2. Minnesota Statutes 2014, section 64B.42, subdivision 1, is amended to read:

2.1 Subdivision 1. **Definition.** "Fraternal action level event" means, with respect to a  
2.2 society, any of the following events:

2.3 (1) the filing of a risk-based capital report by the society that indicates that:

2.4 (i) the society's total adjusted capital is greater than or equal to its fraternal authorized  
2.5 control level risk-based capital but less than its fraternal action level risk-based capital; or

2.6 (ii) the society's total adjusted capital is greater than or equal to its fraternal action  
2.7 level risk-based capital but less than the product of its fraternal authorized control level  
2.8 risk-based capital and ~~2.5~~ 3.0 and has a negative trend;

2.9 (2) the notification by the commissioner to a society of an adjusted risk-based capital  
2.10 report that indicates an event in clause (1), provided the society does not challenge the  
2.11 adjusted risk-based capital report under section 64B.44;

2.12 (3) if, pursuant to section 64B.44, the society challenges an adjusted risk-based  
2.13 capital report that indicates an event in clause (1), the notification by the commissioner to  
2.14 the society that the commissioner has, after a hearing, rejected the society's challenge; or

2.15 (4) the failure of the society to file a risk-based capital report by March 1, unless the  
2.16 society has provided an explanation for the failure that is satisfactory to the commissioner  
2.17 and has cured the failure within ten days after March 1.