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LATE

To: The Honorable Rosalyn H. Baker, Chair
The Honorable Michelle N. Kidani, Vice Chair
Senate Committee on Commerce, Consumer Protection and Health

From: Mark Sektnan, Vice President

Re: **SB 2853 – Relating to Insurance**
PCI Position: Support

Date: Wednesday, February 3, 2016
9:00 a.m., Room 229

Aloha Chair Baker, Vice Chair Kidani and Members of the Committee:

The Property Casualty Insurers Association of America (PCI) is pleased to support SB 2853 which would adopt the National Association of Insurance Commissioners (NAIC) Risk Management and Own Risk and Solvency Assessment Act (ORSA).

In Hawaii, PCI member companies write approximately 42.7 percent of all property casualty insurance written in Hawaii. PCI member companies write 44 percent of all personal automobile insurance, 65.2 percent of all commercial automobile insurance and 75 percent of the workers' compensation insurance in Hawaii.

ORSA requires insurers with annual premiums greater than \$500 million and insurance groups with annual premiums greater than \$1 billion to maintain a comprehensive risk management framework, appropriate to their size and complexity, to identify, assess, and manage material and relevant risks. Additionally, the qualifying insurer or insurance group must file a report annually with its lead state regulator detailing the material risks identified and the sufficiency of its capital to support the risks. The purpose of ORSA is to provide regulators with access to information to better understand the risks to which an insurer or insurance group is exposed. The adoption of ORSA is expected to become an NAIC accreditation standard.

During the lengthy process to develop this legislation at the NAIC, the Property Casualty Insurers Association and the insurance industry worked hard to ensure confidentiality protections for sensitive commercial information that insurers will be required to report. The bill maintains these important confidentiality protections. Adoption of this important model act will ensure that all insurers have a risk management framework in place and provide regulators with access to critical information needed to assess the risks insurers are exposed to.

For these reasons, PCI asks the committee to pass SB 2853.