

CORPORATE GOVERNANCE ANNUAL DISCLOSURE SECTION 628.8015(3), F.S.

Overview

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Solvency Modernization Initiative

- NAIC Solvency Modernization Initiative
 - Capital Requirements
 - International Accounting
 - Insurance Valuation
 - Reinsurance
 - Group Regulatory Issues

Solvency Modernization Initiative

◎ Group Regulatory Issues

- Schedule F – Enterprise Risk Report
- Risk Management and Own Risk Solvency Assessment (ORSA)
- Corporate Governance Annual Disclosure

Disclosure Requirement

An insurer, or insurer member of an insurance group, of which the Office is the lead state regulator, shall submit a corporate governance annual disclosure to the office by June 1 of each calendar year.

Initial Filing – Required Early Filing

- The initial corporate governance annual disclosure must be submitted by December 31, 2018.
- Before December 31, 2018, the office may require an insurer or insurance group to provide a corporate governance annual disclosure:
 - (I) Based on unique circumstances;
 - (II) Risk-based capital action level event or is in hazardous financial condition;
 - (III) Insurer is the member of an insurer group of which the office acts as the lead state regulator; or
 - (IV) If the office determines that it is in the best interest of the state.

Attestation

The chief executive officer or corporate secretary of the insurer or the insurance group must sign the corporate governance annual disclosure attesting that, to the best of his or her knowledge and belief, the insurer has implemented the corporate governance practices and provided a copy of the disclosure to the board of directors or the appropriate board committee.

Level of Reporting

Based on Structure of System

- Ultimate controlling parent level;
- Intermediate holding company level; or
- Individual legal entity level.

Or

- At level used to determine the risk appetite of the insurer or insurance group;
- At level at which the earnings, capital, liquidity, operations, and reputation of the insurer are collectively overseen and the supervision of those factors is coordinated and exercised; or
- At level at which legal liability for failure of general corporate governance duties would be placed.

Required Information

- Corporate governance framework and structure of the insurer or insurance group.
- Policies and practices of the most senior governing entity and significant committees.
- Policies and practices for directing senior management.
- Processes by which the board, its committees, and senior management ensure an appropriate amount of oversight to the critical risk areas that have an impact on the insurer's business activities.

Confidentiality

- The filings and related documents submitted pursuant to subsections (2) and (3) are privileged..
- May not be produced in response to a subpoena or other discovery directed to the Office..
- If obtained from the office, are not admissible in evidence in any private civil action..
- DFS or Office may use these filings and related documents in the furtherance of any regulatory or legal action brought against an insurer as part of official duties.

Confidentiality continued

- No waiver of claim of privilege because of:
 - Disclosure to Office made under this section
 - Any other provision of Code
 - Or sharing under §624.4212, F.S.
- Office, any person acting under authority of Office, nor anyone filing shared with under §624.4212 are permitted or required to testify in any private civil action concerning filing or related documents.

QUESTIONS???