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NOTICE OF HEARING

Pursuant to M.G.L. c. 30A and the authority granted to the Commissioner of Insurance (“Commissioner”) under M.G.L. c. 175, c. 176A, c. 176B, c. 176E, c. 176F and c. 176O, a hearing will be held at 11:00 a.m. on July 19, 2016, at the Division of Insurance (“Division”), Hearing Room 1-E, 1000 Washington Street, Boston, Massachusetts. The purpose of the hearing is to afford all interested persons an opportunity to provide oral and written statements regarding six regulations that are the subject of proposed amendments or rescission. The docket number assigned to each regulation and a description of the proposed actions to be taken follow.

Docket No. G2016-02

211 CMR 8.00. Investments of Officers, Directors, and Principal Stockholders of Domestic Stock Insurance Companies. The regulation provides forms that individuals use to report investments, if required to do so pursuant to M.G.L. c. 175, §193I. The information is now submitted in filings required by M.G.L. c. 175, §§206-206D. The Division proposes to rescind 211 CMR 8.00 because it is no longer necessary.

Docket No. G2016-03

211 CMR 20.00. Risk-Based Capital (RBC) for Insurers. The regulation governs the formulation and filing of Risk-Based Capital (“RBC”) reports by Massachusetts domestic life, health, and fraternal insurers. The Division proposes to amend 211 CMR 20.00 to incorporate recent changes to the Model Regulation on Risk-Based Capital for Insurers developed by the National Association of Insurance Commissioners (“NAIC”); the amendments include confidentiality provisions, a change in the RBC calculation factor, and language clarifying its application to fraternal benefit societies. The proposed amendments also delete Phase-In provisions that are now outdated.

Docket No. G2016-04

211 CMR 23.00. Audits of Insurers by Independent Certified Public Accountants for Years Ending 1991 and Thereafter. The regulation requires insurance companies doing business in Massachusetts to file annual CPA audited financial statements with the Division. In 2010, the Division promulgated 211 CMR 26.00, a regulation addressing comprehensive financial reporting requirements for insurers doing business in the Commonwealth that is based on the Model Regulation on Annual Financial Reporting developed by the NAIC. Insurers are now required to comply with 211 CMR 26.00, Annual Financial Reporting for Years Ending 2010 and Thereafter, that incorporates the requirement to file audited financial statements. The Division proposes to rescind 211 CMR 23.00 because it is no longer necessary.

Docket No. G2016-05

211 CMR 25.00. Risk-Based Capital (RBC) for Health Organizations. The regulation governs the formulation and filing of Risk-Based Capital (“RBC”) reports by Massachusetts domestic health insurance organizations. The Division proposes to amend 211 CMR 25.00 to incorporate recent changes to the Model Regulation on Risk-Based Capital for Health Organizations developed by the NAIC. The amendments include confidentiality provisions and language relating to a trend test for health organizations’ financial data.

Docket No. G2016-06

211 CMR 39.00. Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities. The regulation specifies the Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities that are approved for use in Massachusetts. The Division proposes to amend 211 CMR 39.00 by adding to that list the 2012 Individual Annuity Table and amending definitions and other provisions to conform 211 CMR 39.00 to the Model Rule for Recognizing a New Annuity Mortality Table for Use in Determining Reserve Liabilities for Annuities developed by the NAIC.

Docket No. G2016-07

211 CMR 130.00. Credit for Reinsurance. The regulation prescribes the types of reinsurers, the quality of collateral and the kinds of reinsurance arrangements that are acceptable from a financial perspective to permit a ceding insurance company to claim a surplus “credit” on its financial statements for business it cedes to a reinsurer. In 2015, legislation was enacted to amend M.G.L. c. 175, §20A, the Credit for Reinsurance statute, to incorporate changes to the Model Law on Credit for Reinsurance developed by the NAIC. The legislation directed the Commissioner to promulgate regulations to implement those changes. The Division proposes to amend 211 CMR 130.00 to comply with the recent statutory changes and to incorporate recent changes to the Model Law and Model Regulation on Credit for Reinsurance developed by the NAIC.

The proposed regulations may be inspected in the Division’s offices during normal business hours or viewed on the Division’s website, www.mass.gov/doi. Persons who wish to present unsworn oral or written statements at the July 19, 2016 hearing are asked to submit a notice of intent to comment no later than July 15, 2016. Other persons who wish to speak will be heard after those who notify the Division in advance. The hearing record will remain open for a week after conclusion of the July 19, 2016 hearing to receive any additional written statements.

All notices and submissions must refer to the Docket Number(s) for the particular regulation(s) that the person intends to address. Notices and submissions in hard copy may be sent by mail to the Docket Clerk, Hearings and Appeals, Division of Insurance, at the address above or by electronic mail to doidocket.mailbox@state.ma.us.

June 14, 2016

Daniel R. Judson
Commissioner of Insurance