



SPONSOR: Sen. Bushweller & Rep. B. Short

DELAWARE STATE SENATE  
146th GENERAL ASSEMBLY

SENATE BILL NO. 230

AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE RELATING TO RISK-BASED CAPITAL (RBC) FOR INSURERS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. Amend Chapter 58, Title 18, of the Delaware Code by making insertions as shown by underlining and  
2 deletions as shown by strike through as follows:

3 §5803. Company Action Level Event.

4 (a) "Company Action Level Event" means any of the following events:

5 (1) The filing of an RBC report by an insurer which indicates that:

6 a. The insurer's total adjusted capital is greater than or equal to its Regulatory Action Level RBC  
7 but less than its Company Action Level RBC; or

8 b. If a life and/or health insurer, the insurer has total adjusted capital which is greater than or  
9 equal to its Company Action Level RBC but less than the product of its Authorized Control Level RBC and 2.5 and has a  
10 negative trend; or

11 c. If a property and casualty insurer, the insurer has total adjusted capital which is greater than  
12 or equal to its Company Action Level RBC but less than the product of its Authorized Control Level RBC and 3.0 and  
13 triggers the trend test determined in accordance with the trend test calculation included in the Property and Casualty RBC  
14 instructions.

15 §5808. Confidentiality, prohibition on announcements, prohibition on use in ratemaking.

16 (a) All RBC reports (to the extent the information therein is not required to be set forth in a publicly available  
17 annual statement schedule) and RBC plans (including the results or report of any examination or analysis of an insurer  
18 performed pursuant hereto and any corrective order issued by the Commissioner pursuant to examination or analysis) with  
19 respect to any domestic insurer or foreign insurer which are filed with the Commissioner constitute information that might  
20 be damaging to the insurer if made available to its competitors, and therefore shall be kept confidential by the  
21 Commissioner. This information shall not be made public and/or be subject to subpoena, other than by the Commissioner

22 and then only for the purpose of enforcement actions taken by the Commissioner pursuant to this chapter or any other  
23 provision of the insurance laws of this State.

24 (b) Neither the Commissioner nor any person who received documents, materials or other information while acting  
25 under the authority of the Commissioner shall be permitted or required to testify in any private civil action concerning any  
26 confidential documents, materials or information subject to paragraph (a) of this subsection.

27 (c) In order to assist in the performance of the Commissioner's duties, the Commissioner:

28 (1) May share documents, materials or other information, including the confidential and privileged  
29 documents, materials or information subject to paragraph (a) of this subsection, with other state, federal  
30 and international regulatory agencies, with the NAIC and its affiliates and subsidiaries, and with state,  
31 federal and international law enforcement authorities, provided that the recipient agrees to maintain the  
32 confidentiality and privileged status of the document, material or other information;

33 (2) May receive documents, materials or information, including otherwise confidential and privileged  
34 documents, materials or information, from the NAIC and its affiliates and subsidiaries, and from  
35 regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as  
36 confidential or privileged any document, material or information received with notice or the  
37 understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of  
38 the document, material or information; and

39 (3) May enter into agreements governing sharing and use of information consistent with this subsection.

40 (d) No waiver of any applicable privilege or claim of confidentiality in the documents, materials or information  
41 shall occur as a result of disclosure to the Commissioner under this section or as a result of sharing as authorized in  
42 paragraph (c) of this subsection.

43 ~~(b)~~ (e) It is the judgment of the General Assembly that the comparison of an insurer's total adjusted capital to any  
44 of its RBC levels is a regulatory tool which may indicate the need for possible corrective action with respect to the insurer,  
45 and is not intended as a means to rank insurers generally. Therefore, except as otherwise required under the provisions of  
46 this chapter, the making, publishing, disseminating, circulating or placing before the public, or causing, directly or  
47 indirectly, to be made, published, disseminated, circulated or placed before the public, in a newspaper, magazine or other  
48 publication, or in the form of a notice, circular, pamphlet, letter or poster, or over any radio or television station, or in any  
49 other way, an advertisement, announcement or statement containing an assertion, representation or statement with regard to  
50 the RBC levels of any insurer, or of any component derived in the calculation, by any insurer, agent, broker or other person  
51 engaged in any manner in the insurance business would be misleading and is therefore prohibited; provided, however, that

52 if any materially false statement with respect to the comparison regarding an insurer's total adjusted capital to its RBC  
53 levels (or any of them) or an inappropriate comparison of any other amount to the insurers RBC levels is published in any  
54 written publication and the insurer is able to demonstrate to the Commissioner with substantial proof the falsity of such  
55 statement, or the inappropriateness, as the case may be, then the insurer may publish an announcement in a written  
56 publication if the sole purpose of the announcement is to rebut the materially false statement.

57 (e) (f) It is the further judgment of the General Assembly that the RBC instructions, RBC reports, adjusted RBC  
58 reports, RBC plans and revised RBC plans are intended solely for use by the Commissioner in monitoring the solvency of  
59 insurers and the need for possible corrective action with respect to insurers and shall not be used by the Commissioner for  
60 ratemaking nor considered or introduced as evidence in any rate proceeding nor used by the Commissioner to calculate or  
61 derive any elements of an appropriate premium level or rate of return for any line of insurance which an insurer or any  
62 affiliate is authorized to write.

#### SYNOPSIS

This bill will add a trend test for property and casualty insurance companies at 3.0 and will add provisions related to confidentiality. The change to the trend test will enhance the solvency monitoring efforts of the Commissioner and is necessary for maintaining National Association of Insurance Commissioners (NAIC) accreditation.

Author: Senator Bushweller