



## Fiscal Estimate Narratives

OCI 2/11/2014

LRB Number	<b>13-4194/1</b>	Introduction Number	<b>AB-0735</b>	Estimate Type	<b>Original</b>
<b>Description</b> Own risk and solvency assessments, supervisory colleges, consolidated hearings for mergers of insurance companies, proxy voting by mutual policyholders, a presumption and exceptions with respect to the disclosure of insurance-related information, granting rule-making authority, and providing a penalty					

### Assumptions Used in Arriving at Fiscal Estimate

Own Risk Solvency Assessment (ORSA) and Model Holding Act create a new obligation for insurers to review their risk management framework including the impact of non-insurance business on the solvency of their insurance business. The bill also provides the agency the authority to make regulatory changes to the Model Holding Company Act that will require insurers to include a risk analysis in financial filings with the OCI. In ORSA, the insurer is required to maintain a risk management framework that reviews the risk of the entire insurer including non-insurance risk. This bill is a NAIC accreditation standard which means insurers will be required by other states to create these reports whether Wisconsin requires them or not. Without this change however, Wisconsin companies would be at a disadvantage because they would be required to file the reports (and be subject to additional review) from every jurisdiction they do business in. With the passage of this law, the insurer would be required to meet Wisconsin standards.

The state financial impact is indeterminate. It is expected that cost of this change, if any, can be absorbed by the agency's budget. The agency currently conducts extensive financial reviews, and it is not expected this change will add any measurable costs to those reviews.

### Long-Range Fiscal Implications