

CORPORATE GOVERNANCE ANNUAL DISCLOSURE MODEL ACT

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Section 1. Purpose and Scope

A. The purpose of this Act is:

- (1) Provide the Insurance Commissioner a summary of an insurer or insurance group's corporate governance structure, policies and practices to permit the Commissioner to gain and maintain an understanding of the insurer's corporate governance framework.
- (2) Outline the requirements for completing a corporate governance annual disclosure to the Insurance Commissioner.
- (3) Provide for the confidential treatment of the corporate governance annual disclosure and related information that will contain confidential and sensitive information related to an insurer or insurance group information which, if made public, could potentially cause the insurer or insurance group competitive harm or disadvantage.

- B. Nothing in this act shall be construed to prescribe or impose corporate governance standards and internal procedures beyond that which is required under applicable state corporate law. Notwithstanding the foregoing, nothing in this act shall be construed to limit the Commissioner's authority or the rights or obligations of third parties under [INSERT EXAMINATION CITATION] meeting the state's legal definition of "insurer," are appropriately referenced.

Section 2. Definitions

- A. "Commissioner." The Insurance Commissioner of the State.
- B. "Corporate Governance Annual Disclosure (CGAD)." A Corporate Governance Annual Disclosure shall mean a confidential report filed by the insurer or insurance group made in accordance with the requirements of this Act.

- F. Insurers providing information substantially similar to the information required by this Act in other documents provided to the Commissioner, including proxy statements filed in conjunction with Form B requirements, or other state or federal filings provided to this Department shall not be required to duplicate that information in the CGAD, but shall only be required to cross reference the document in which the information is included.

Section 4. Rules and Regulations

The Commissioner may, upon notice and opportunity for all interested persons to be heard, issue such rules, regulations and orders as shall be necessary to carry out the provisions of this Act.

Section 5. Contents of Corporate Governance Annual Disclosure

- A. The insurer or insurance group shall have discretion over the responses to the CGAD inquiries provided the CGAD shall contain the material information necessary to permit the Commissioner to gain an understanding of the insurer's or group's corporate governance structure, policies, and practices. The Commissioner may request additional information that he or she deems material and necessary to provide the Commissioner with a clear understanding of the corporate governance policies, the reporting or information system or controls implementing those policies.
- B. Notwithstanding Subsection A of this section, the CGAD shall be prepared consistent with the Corporate Governance Annual Disclosure Model Regulation [INSERT CITATION]. Documentation and supporting information shall be maintained and made available upon examination or upon request of the Commissioner.

Section 6. Confidentiality

- A. Documents, materials or other information including the CGAD in the possession or control of the Department of Insurance that are obtained by, created by or disclosed to the Commissioner or any other person under this Act, are recognized by this state as being proprietary and to contain trade secrets.

Section 9. Severability Clause

If any provision of this Act other than Section 6, or the application thereof to any person or circumstance, is held invalid, such determination shall not affect the provisions or applications of this Act which can be given effect without the invalid provision or application, and to that end the provisions of this Act, with the exception of Section 6 are severable.

Section 10. Effective Date

The requirements of this Act shall become effective on January 16, 2016. The first filing of the CGA shall be in 2016.

Chronological Summary of Action (all references are to the Proceedings of the NAIC).

2014 Proc. 3rd Quarter Vol. I 121-122, 135-140, 239-252, 267 (adopted).