

AN ACT
D.C. ACT 24-150

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

AUGUST 5, 2021

To require insurers to file an annual report that describes the insurer's or insurer's group's corporate governance structure, policies, and practices.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Insurer Corporate Governance Annual Report Act of 2021".

Sec. 2. Definitions.

For the purposes of this act, the term:

(1) "Commissioner" means the Commissioner of the Department of Insurance, Securities, and Banking.

(2) "Corporate Governance Annual Disclosure" means the report filed by an insurer or insurance group under this act.

(3) "Insurance group" means those insurers and affiliates included within an insurance holding company system, as defined in section 2(4) of the Holding Company System Act of 1993, effective October 21, 1993 (D.C. Law 10-44; D.C. Official Code § 31-701(4)).

(4) "Insurer" shall have the same meaning as defined in section 2(3) of the Annual Audited Financial Reports Act of 1993, effective October 21, 1993 (D.C. Law 10-48; D.C. Official Code § 31-301(3)); except, that it shall not include agencies, authorities, or instrumentalities of the United States, its possessions or territories, the Commonwealth of Puerto Rico, the District of Columbia, or a state or political subdivision of a state.

(5) "NAIC" means the National Association of Insurance Commissioners.

Sec. 3. Applicability and scope.

(a) This act shall apply to all insurers domiciled in the District.

(b) Nothing in this act shall be construed to prescribe or impose corporate governance standards and internal procedures beyond that which are required under applicable District law or to limit the Commissioner's authority, or the rights or obligations of third parties, under the Law on Examinations, effective October 21, 1993 (D.C. Law 10-49; D.C. Official Code §§ 31-1401 *et*

seq.).

Sec. 4. Disclosure requirement.

(a)(1) By June 1 of each year, an insurer, or the insurance group of which the insurer is a member, shall submit to the Commissioner a Corporate Governance Annual Disclosure that contains the information required by this act, or rules issued pursuant to this act; except, that if the insurer is a member of an insurance group operating in the District for which the Department of Insurance, Securities, and Banking is not the group's primary regulator the insurer shall submit the Corporate Governance Annual Disclosure to the commissioner of the lead state for the insurance group in accordance with the laws of the lead state, as outlined in the most recent edition of the NAIC Financial Analysis Handbook.

(2) An insurer not required to submit a Corporate Governance Annual Disclosure to the Commissioner under this subsection shall provide a copy of the insurer's Corporate Governance Annual Disclosure to the Commissioner upon the Commissioner's request.

(b) The Corporate Governance Annual Disclosure shall include a signature of the insurer or insurance group's chief executive officer or corporate secretary attesting, to the best of that individual's belief and knowledge, that the insurer has implemented the corporate governance practices described in the Corporate Governance Annual Disclosure and that a copy of the Corporate Governance Annual Disclosure has been provided to the insurer's board of directors or the appropriate committee of the insurer's board of directors.

(c) For purposes of completing the Corporate Governance Annual Disclosure, the insurer or insurance group may provide information regarding corporate governance at the ultimate controlling parent level, an intermediate holding company level, or the individual legal entity level depending upon how the insurer or insurance group has structured its system of corporate governance.

Sec. 5. Contents of Corporate Governance Annual Disclosure.

(a)(1) The Corporate Governance Annual Disclosure shall be prepared in accordance with rules issued pursuant to this act and 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.

(2) The Commissioner may request any additional information considered material to providing the Commissioner with a clear understanding of the corporate governance policies and the reporting or information system or controls implementing those policies.

(b) Documentation and supporting information for the Corporate Governance Annual Disclosure shall be maintained by the insurer or insurance group and made available for