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**To: The Honorable Kathleen Taylor, Chair  
Members, Senate Labor and Business Committee**

**Re: SB 831 – Support  
(Insurance Company System Regulatory Act, Group Capital Calculation)**

Dear Chair Taylor:

On behalf of the American Council of Life Insurers (the “ACLI”), we would like to express our strong support for SB 831, which would enact recent changes to the NAIC Insurance Holding Company Regulatory Model Law regarding group capital calculation (the “GCC”) and liquidity stress test (the “LST”) requirements for insurers. The 234 ACLI member companies licensed in Oregon, including our largest domestic member company, The Standard, write more than 93% of life insurance in the state.

We applaud Commissioner Andrew Stolfi and his staff for bringing forward these amendments, which will facilitate uniformity, cross-border cooperation and new financial monitoring tools that support the solvency and effectiveness of U.S. insurers and reinsurers. This model law helps ensure that needed insurance coverage is widely available and affordable for Oregon consumers. We hope you will support these amendments when they come before your committee on February 20.

**Background - Group Capital Calculation**

State insurance regulators from Oregon and around the United States have developed a group capital calculation (“GCC”) for use in solvency-monitoring activities. In December of 2020, the National Association of Insurance Commissioners (the “NAIC”) approved amendments to the NAIC Model Insurance Holding Company System Regulatory Act (NAIC Model Law #440) to authorize state regulators to use this new solvency tool. The model amendments also include a liquidity stress testing framework for the 23 largest life insurance holding companies. The Division of Financial Regulation amendments contained in SB 831 will enact these changes into Oregon law.

The GCC provides the lead state with additional analytical information for use in assessing group risks and capital adequacy to complement the current holding company analysis in the U.S. It also includes more detailed information on potential risks to policyholders emanating from outside the

insurance companies, as well as location and sources of capital within the group. The calculation will help regulators perform a more accurate assessment of capital when combined with other information they obtain from insurers. It is an important new analytical tool that Oregon regulators can use to detect risks and enhance their financial oversight of insurance holding companies.

### **Need for Action**

The NAIC has made the group capital calculation amendments to the NAIC Model Holding Company Law an accreditation standard. The Division's ability to maintain its NAIC accreditation reinforces the strong, state-based financial oversight that has successfully protected insurance policyholders for decades. The NAIC Accreditation Program allows for cooperation among states, reduces regulatory redundancies for multi-state insurers, provides baseline consumer protections and reduces costs for policyholders.

For the reasons outlined above, we respectfully urge your **support of SB 831**. Thank you for your consideration. Please feel free to contact me with any questions.

Respectfully submitted,

*John W. Mangan*

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Cc: Members, Senate Labor and Business Committee  
John C. Powell, ACLI Counsel