

HOUSE COMMITTEE OF REFERENCE REPORT

Chair of Committee

March 6, 2024
Date

Committee on Business Affairs & Labor.

After consideration on the merits, the Committee recommends the following:

HB24-1321 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation:

- 1 Amend printed bill, page 2, lines 2 and 3, strike "**amend** (3); and **add**
- 2 (4.3), (4.7)," and substitute "**add** (4.3),".
- 3 Page 2, strike lines 6 through 20.
- 4 Page 3, strike line 1.
- 5 Page 3, strike line 5 through 11.
- 6 Page 8, line 24, strike "CONDITION" and substitute "CONDITION, AS
- 7 DEFINED BY RULE OF THE COMMISSIONER,".
- 8 Page 14, line 24, after "NAIC" insert "OR THIRD-PARTY CONSULTANT
- 9 DESIGNATED BY THE COMMISSIONER".
- 10 Page 14, line 25, after "NAIC" insert "OR THIRD-PARTY CONSULTANT
- 11 DESIGNATED BY THE COMMISSIONER".
- 12 Page 16, strike lines 25 through 27.
- 13 Page 17, strike lines 1 through 13 and substitute:
14 **"SECTION 5.** In Colorado Revised Statutes, **amend** 10-3-705 as
15 follows:
16 **10-3-705. Rules.** (1) The commissioner may adopt rules
17 implementing this part 7.
18 (2) (a) THE COMMISSIONER MAY ADOPT RULES APPLICABLE TO
19 REINSURANCE ARRANGEMENTS DESCRIBED IN THIS SUBSECTION (2)(a).

1 RULES ADOPTED PURSUANT TO THIS SUBSECTION (2) MUST APPLY ONLY TO
2 REINSURANCE RELATING TO:

- 3 (I) LIFE INSURANCE POLICIES WITH GUARANTEED NONLEVEL GROSS
4 PREMIUMS OR GUARANTEED NONLEVEL BENEFITS;
- 5 (II) UNIVERSAL LIFE INSURANCE POLICIES WITH PROVISIONS
6 RESULTING IN THE ABILITY OF A POLICYHOLDER TO KEEP A POLICY IN
7 FORCE OVER A SECONDARY GUARANTEE PERIOD;
- 8 (III) VARIABLE ANNUITIES WITH GUARANTEED DEATH OR LIVING
9 BENEFITS;
- 10 (IV) LONG-TERM CARE INSURANCE POLICIES; OR
- 11 (V) OTHER LIFE AND HEALTH INSURANCE AND ANNUITY PRODUCTS
12 AS TO WHICH THE NAIC ADOPTS MODEL REGULATORY REQUIREMENTS
13 WITH RESPECT TO CREDIT FOR REINSURANCE.

14 (b) A RULE ADOPTED PURSUANT TO SUBSECTION (2)(a)(I) OR
15 (2)(a)(II) OF THIS SECTION MUST APPLY TO ANY TREATY CONTAINING:

- 16 (I) POLICIES ISSUED ON OR AFTER JANUARY 1, 2015; OR
- 17 (II) POLICIES ISSUED PRIOR TO JANUARY 1, 2015, IF RISK
18 PERTAINING TO PRE-2015 POLICIES IS CEDED IN CONNECTION WITH THE
19 TREATY, IN WHOLE OR IN PART, ON OR AFTER JANUARY 1, 2015.

20 (c) A RULE ADOPTED PURSUANT THIS SUBSECTION (2) MAY
21 REQUIRE THE CEDING INSURER, IN CALCULATING THE AMOUNTS OR FORMS
22 OF SECURITY REQUIRED TO BE HELD UNDER RULES PROMULGATED UNDER
23 THIS SUBSECTION (2), TO USE THE VALUATION MANUAL ADOPTED BY THE
24 NAIC UNDER THE NAIC STANDARD VALUATION LAW, INCLUDING ALL
25 AMENDMENTS ADOPTED BY THE NAIC AND IN EFFECT ON THE DATE ON
26 WHICH THE CALCULATION IS MADE, TO THE EXTENT APPLICABLE.

27 (d) A RULE ADOPTED PURSUANT TO THIS SUBSECTION (2) DOES NOT
28 APPLY TO CESSIONS TO AN ASSUMING INSURER THAT:

- 29 (I) (A) MEETS THE CONDITIONS SET FORTH IN SECTION 10-3-702
30 (6.5);
- 31 (B) IS CERTIFIED IN THIS STATE; OR
- 32 (C) MAINTAINS AT LEAST TWO HUNDRED FIFTY MILLION DOLLARS
33 IN CAPITAL AND SURPLUS WHEN CALCULATED IN ACCORDANCE WITH THE
34 MOST RECENT NAIC ACCOUNTING PRACTICES AND PROCEDURES MANUAL,
35 AS AMENDED BY THE NAIC, EXCLUDING THE IMPACT OF ANY PERMITTED
36 OR PRESCRIBED PRACTICES; AND
- 37 (II) IS LICENSED:
 - 38 (A) IN AT LEAST TWENTY-SIX STATES; OR
 - 39 (B) IN AT LEAST TEN STATES AND LICENSED OR ACCREDITED IN A
40 TOTAL OF AT LEAST THIRTY-FIVE STATES.

41 (e) THE AUTHORITY TO ADOPT RULES PURSUANT TO THIS
42 SUBSECTION (2) DOES NOT LIMIT THE COMMISSIONER'S GENERAL
43 AUTHORITY TO ADOPT RULES PURSUANT TO SUBSECTION (1) OF THIS

1 SECTION.

2 (f) AS USED IN THIS SUBSECTION (2), "NAIC" MEANS THE
3 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS."

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