



NOTICE OF PROPOSED RULEMAKING
INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 836
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE REGULATION

FILED

09/25/2025 10:29 AM
ARCHIVES DIVISION
SECRETARY OF STATE

FILING CAPTION: Revisions to NAIC accreditation standards and related model laws and regulations implementing SB 831 (2025)

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 10/30/2025 5:00 PM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

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Filed By:
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Rules Coordinator

HEARING(S)

Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 10/23/2025

TIME: 11:00 AM

OFFICER: Lily Sobolik

REMOTE HEARING DETAILS

MEETING URL: [Click here to join the meeting](#)

PHONE NUMBER: 503-446-4951

CONFERENCE ID: 377473267

SPECIAL INSTRUCTIONS:

NOTE: PUBLIC COMMENTS ARE PUBLIC RECORDS AND WILL BE POSTED ON THE DFR RULEMAKING WEBPAGE.

NEED FOR THE RULE(S)

The National Association of Insurance Commissioners (NAIC) accreditation program ensures that accredited state insurance departments meet baseline standards of solvency regulation, consumer protection, and allows for inter-state cooperation. In other words, NAIC accreditation allows states to rely on the regulatory oversight of other accredited state insurance departments.

This creates substantial efficiencies for insurance regulators and particularly for insurance companies. For example, without NAIC accreditation, all Oregon-based insurers writing business in other states would be required to be examined, at their own expense, in each state where they do business. With accreditation, Oregon-based insurers need only a single examination because other states can trust and rely on Oregon's work.

From time to time, NAIC accreditation standards and related model laws and regulations are revised to address emerging issues. The standards implemented in SB 831 (2025) add tools to enhance group solvency supervision,

specifically the Group Capital Calculation and the Liquidity Stress Test and also add best practices regarding receivership. These standards must be adopted by January 1, 2026, to maintain accreditation.

Some aspects of the new accreditation provisions require rulemaking to implement the law, particularly potential exemptions to the Group Capital Calculation. In SB 831 and Model Law #440, the Insurance Commissioner has the authority to exempt certain insurers from filing the Group Capital Calculation but the criteria for exemption must be detailed in rule. The Liquidity Stress Test framework itself must also be specified in rule. Additionally, NAIC Model Regulation #450 contains additional description of receivership provisions enacted in law that must be implemented in rule.

A Rulemaking Advisory Committee (RAC) included five (5) stakeholders representing a range of industries and perspectives. The RAC members represented consumer advocates, a trade association, a representative of the NAIC, and insurance carriers. The RAC met once in July, and draft rules were provided in advance of the meeting. The meeting included an overview of changes to the rules, member comments, questions and discussion, and public comments.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE

Draft rules are available from Karen Winkel, Rules Coordinator, Division of Financial Regulation located at 350 Winter St. NE, Salem, OR 97301 and are available on the division's website:
<https://dfr.oregon.gov/laws-rules/Pages/proposed-rules.aspx>.

STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE

In the broadest sense, the topic of the rulemaking could impact all consumers considering that the Group Capital Calculation and Liquidity Stress Test are protections against potential macroprudential impacts on the broader financial markets. To the extent that the rules better enable the department to prevent insurer insolvencies or other adverse financial outcomes affecting consumers, the rules can be expected to disproportionately benefit lower-income or otherwise disadvantaged consumers, who would be more negatively affected by any related unpaid claims or other financial losses. However, the extent of this impact and any differential impacts for different groups of affected people is impossible to predict from the information available to the department.

FISCAL AND ECONOMIC IMPACT:

Insurance carriers subject to this rulemaking will face compliance costs. However, if this rulemaking was not conducted, Oregon's accreditation would be jeopardized. Without accreditation, all Oregon-based insurers writing business in other states would be required to be examined, at their own expense, in each state where they do business. This alternative would add much greater costs to businesses than the impacts of this rulemaking.

The proposed rules continue to not be likely to have a fiscal or economic impact on state agencies, local governments, or the public. Given the application of the rules rests solely with companies that are part of holding company systems, these rules would not directly impact small businesses.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

(1) Insurance carriers subject to this rulemaking will face compliance costs. Otherwise, state agencies, units of local government, and members of the public other than insurance carriers will likely not be economically affected by the

rulemaking.

(2)(a) Based on financial filings made to DFR, no insurers meet the definition of a small business under ORS 183.310, because no insurer is independently owned and operated.

(2)(b) Insurance carriers subject to this rulemaking will face compliance costs including a variety of administrative, reporting and recordkeeping costs related to conducting and submitting the required group capital calculation and liquidity stress test. These costs are largely due to statutory changes made by SB 831 rather than the proposed rules. The rules may have the effect of reducing costs for insurers to the extent that the group capital calculation exemptions reduce the reporting burden on exempt insurers. Based on financial filings made to DFR, no insurers meet the definition of a small business under ORS 183.310, because no insurer is independently owned and operated.

(2)(c) As noted above, insurance carriers subject to this rulemaking will face compliance costs, primarily due to provisions in the underlying statutes. It is not possible to estimate the additional cost insurers will accrue under the proposed rules with the information available to the department. However, it should be noted that by enabling Oregon to maintain its NAIC accreditation, the rulemaking will prevent much larger increases in compliance costs by preventing affected insurers from being subject to duplicative financial examinations by other states.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

The rule does not have a direct impact on small businesses. However, a consumer advocacy organization that is a small business participated in the RAC.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? YES

RULES PROPOSED:

836-027-0005, 836-027-0150, 836-027-0160

AMEND: 836-027-0005

RULE SUMMARY: Adds definition for "group capital calculation" and provides explanation of the concept of the "National Association of Insurance Commissioners liquidity stress test framework."

CHANGES TO RULE:

836-027-0005

Definitions ¶¶

(1) Unless the context otherwise requires, as used in OAR 836-027-0005 to 836-027-0180:¶¶

(a) "Executive officer" means chief executive officer, chief operating officer, chief financial officer, treasurer, secretary, controller and any other individual performing functions corresponding to those performed by the foregoing officers under whatever title.¶¶

(b) "Foreign insurer" includes an alien insurer except where specifically noted otherwise.¶¶

(c) "Form A" means the form prescribed by OAR 836-027-0100.¶¶

(d) "Form B" means the form prescribed by OAR 836-027-0010.¶¶

(e) "Form C" means the form prescribed by OAR 836-027-0012.¶¶

(f) "Form D" means the form prescribed by OAR 836-027-0160.¶¶

(g) "Form E" means the form prescribed by OAR 836-027-0125.¶¶

(h) "Form F" means the form prescribed by OAR 836-027-0140.¶¶

(i) "Ultimate controlling person" means the person who is not controlled by any other person.¶¶

(2) Unless the context requires otherwise, other terms used in OAR 836-027-0005 to 836-027-0180 are used as defined in ORS 732.548. Group capital calculation" means a calculation made in accordance with instructions that the National Association of Insurance Commissioners publishes for the purpose of specifying the method of

calculation. The director shall prescribe, on a periodic basis, the instructions published by the National Association of Insurance Commissioners. The director's decision to prescribe the instructions for the method of calculation shall be posted on the department's Division of Financial Regulation website at dfr.oregon.gov. ¶

(j) "Ultimate controlling person" means the person who is not controlled by any other person.¶

(2) Unless the context requires otherwise, other terms used in OAR 836-027-0005 to 836-027-0180 are used as defined in ORS 732.548.¶

(3) As required by Oregon Laws 2025, chapter 174, section 1, the "NAIC liquidity stress test framework" means a method for testing an insurer's liquidity that the National Association of Insurance Commissioners describes in a publication by the association that includes instructions and reporting templates and that identifies scope criteria that apply to a specific data year. The director shall prescribe, on a periodic basis, the method as described in a publication by the National Association of Insurance Commissioners. The director's decision to prescribe the method shall be posted on the department's Division of Financial Regulation website at dfr.oregon.gov.¶

[ED. NOTE: Exhibits referenced are available from the agency.]

Statutory/Other Authority: ORS 732.572

Statutes/Other Implemented: ORS 732.517 - 732.592

RULE SUMMARY: Creates a new rule that outlines the Insurance Commissioner's discretion to determine exemptions from filing the annual group capital calculation.

CHANGES TO RULE:

836-027-0150

Group Capital Calculation

(1) Where an insurance holding company system has previously filed the annual group capital calculation at least once, the chief insurance regulatory official, as described in ORS 732.569(1), has the discretion to exempt the ultimate controlling person from filing the annual group capital calculation if the chief insurance regulatory official makes a determination based upon that filing that the insurance holding company system meets all of the following criteria:¶

(a) Has annual direct written and unaffiliated assumed premium (including international direct and assumed premium), but excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, of less than \$1,000,000,000;¶

(b) Has no insurers within its holding company structure that are domiciled outside of the United States or one of its territories;¶

(c) Has no banking, depository or other financial entity that is subject to an identified regulatory capital framework within its holding company structure;¶

(d) The holding company system attests that there are no material changes in the transactions between insurers and non-insurers in the group that have occurred since the last filing of the annual group capital calculation; and¶

(e) The non-insurers within the holding company system do not pose a material financial risk to the insurer's ability to honor policyholder obligations.¶

(2) Where an insurance holding company system has previously filed the annual group capital calculation at least once, the chief insurance regulatory official has the discretion to accept in lieu of the group capital calculation a limited group capital filing if:¶

(a) The insurance holding company system has annual direct written and unaffiliated assumed premium (including international direct and assumed premium), but excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, of less than \$1,000,000,000; and ¶

(b) All of the following additional criteria are met:¶

(A) Has no insurers within its holding company structure that are domiciled outside of the United States or one of its territories;¶

(B) Does not include a banking, depository or other financial entity that is subject to an identified regulatory capital framework; and ¶

(C) The holding company system attests that there are no material changes in transactions between insurers and non-insurers in the group that have occurred since the last filing of the report to the lead state commissioner and the non-insurers within the holding company system do not pose a material financial risk to the insurers ability to honor policyholder obligations.¶

(3) For an insurance holding company that has previously met an exemption with respect to the group capital calculation pursuant to sections (1) or (2) of this rule, the chief insurance regulatory official may require at any time the ultimate controlling person to file an annual group capital calculation, completed in accordance with the NAIC group capital calculation instructions, if any of the following criteria are met:¶

(a) Any insurer within the insurance holding company system is in a risk-based capital action level event as set forth in ORS 731.554 and OAR 836-011-0300 to 836-011-0360 or a similar standard for a non-U.S. insurer; or ¶

(b) Any insurer within the insurance holding company system meets one or more of the standards of an insurer deemed to be in hazardous financial condition as defined in ORS 731.385 and OAR 836-013-0100 to 836-013-0120; or ¶

(c) Any insurer within the insurance holding company system otherwise exhibits qualities of a troubled insurer as determined by the chief insurance regulatory official based on unique circumstances including, but not limited to, the type and volume of business written, ownership and organizational structure, federal agency requests, and international supervisor requests. ¶

(4) A non-U.S. jurisdiction is considered to "recognize and accept" the group capital calculation if it satisfies the following criteria:¶

(a) With respect to ORS 732.569(2)(b)(D):¶

(A) The non-U.S. jurisdiction recognizes the U.S. state regulatory approach to group supervision and group capital, by providing confirmation by a competent regulatory authority, in such jurisdiction, that insurers and insurance groups whose lead state is accredited by the NAIC under the NAIC Accreditation Program shall be subject only to worldwide prudential insurance group supervision including worldwide group governance, solvency and capital,

and reporting, as applicable, by the lead state and will not be subject to group supervision, including worldwide group governance, solvency and capital, and reporting, at the level of the worldwide parent undertaking of the insurance or reinsurance group by the non-U.S. jurisdiction; or¶¶

(B) Where no U.S. insurance groups operate in the non-U.S. jurisdiction, that non-U.S. jurisdiction indicates formally in writing to the lead state with a copy to the International Association of Insurance Supervisors that the group capital calculation is an acceptable international capital standard. This will serve as the documentation otherwise required in paragraph (4)(a)(A) of this rule.¶¶

(b) The non-U.S. jurisdiction provides confirmation by a competent regulatory authority in such jurisdiction that information regarding insurers and their parent, subsidiary, or affiliated entities, if applicable, shall be provided to the chief insurance regulatory official in accordance with a memorandum of understanding or similar document between the official and such jurisdiction, including but not limited to the International Association of Insurance Supervisors Multilateral Memorandum of Understanding or other multilateral memoranda of understanding coordinated by the NAIC. The chief insurance regulatory official shall determine, in consultation with the NAIC Committee Process, if the requirements of the information sharing agreements are in force.¶¶

(5) A list of non-U.S. jurisdictions that "recognize and accept" the group capital calculation will be published through the NAIC Committee Process:¶¶

(a) A list of jurisdictions that "recognize and accept" the group capital calculation pursuant to ORS 732.569(2)(b)(D), is published through the NAIC Committee Process to assist the chief insurance regulatory official in determining which insurers shall file an annual group capital calculation. The list will clarify those situations in which a jurisdiction is exempted from filing under ORS 732.569(2)(b)(D). To assist with a determination under ORS 732.569(3), the list will also identify whether a jurisdiction that is exempted under either ORS 732.569(2)(b)(C) or ORS 732.569(2)(b)(D) requires a group capital filing for any U.S. based insurance group's operations in that non-U.S. jurisdiction.¶¶

(b) For a non-U.S. jurisdiction where no U.S. insurance groups operate, the confirmation provided to meet the requirement of paragraph (4)(a)(B) of this rule will serve as support for recommendation to be published as a jurisdiction that "recognizes and accepts" the group capital calculation through the NAIC Committee Process.¶¶

(c) If the chief insurance regulatory official makes a determination pursuant to ORS 732.569(2)(b)(D) that differs from the list set forth in subsection (5)(a), the chief insurance regulatory official shall provide thoroughly documented justification to the NAIC and other states.¶¶

(d) Upon determination by the chief insurance regulatory official that a non-U.S. jurisdiction no longer meets one or more of the requirements to "recognize and accept" the group capital calculation, the chief insurance regulatory official may provide a recommendation to the NAIC that the non-U.S. jurisdiction be removed from the list of jurisdictions that "recognize and accepts" the group capital calculation.

Statutory/Other Authority: ORS 732.572

Statutes/Other Implemented: ORS 732.517 - 732.592

AMEND: 836-027-0160

RULE SUMMARY: In relation to insurer requirements to give notice of proposed transactions pursuant to ORS 732.574, adds additional information regarding the data of an insurer that are subject to cost sharing and management services agreements; adds provisions related to access to staff and essential services during supervision, seizure, conservatorship, or receivership; adds provisions to extend certain affiliate commitments to a guaranty association, as appropriate, if the insurer is under supervision, seizure, conservatorship or receivership.

CHANGES TO RULE:

836-027-0160

Transactions Subject to Prior Notice - Notice Filing ¶¶

- (1) An insurer required to give notice of a proposed transaction pursuant to ORS 732.574 shall furnish the required information on Form D. Form D is set forth on the website of the Department of Consumer and Business Services at dfr.oregon.gov.¶¶
- (2) Agreements for cost sharing services and management services shall at a minimum and as applicable:¶¶
- (a) Identify the person providing services and the nature of such services;¶¶
- (b) Set forth the methods to allocate costs;¶¶
- (c) Require timely settlement, not less frequently than on a quarterly basis, and compliance with the requirements in the Accounting Practices and Procedures Manual;¶¶
- (d) Prohibit advancement of funds by the insurer to the affiliate except to pay for services defined in the agreement;¶¶
- (e) State that the insurer will maintain oversight for functions provided to the insurer by the affiliate and that the insurer will monitor services annually for quality assurance;¶¶
- (f) Define ~~books and records~~records and data of the insurer to include all ~~books and records~~records and data developed or maintained under or related to the agreement;¶¶
- ~~(g) Specify that all books and records that are otherwise the property of the insurer, in whatever form maintained, including, but not limited to, claims and claim files, policyholder lists, application files, litigation files, premium records, rate books, underwriting manuals, personnel records, financial records or similar records within the possession, custody or control of the affiliate;¶¶~~
- ~~(g) Specify that all records and data of the insurer are and remain the property of the insurer, and a:¶¶~~
- ~~(A) Are subject to the control of the insurer;¶¶~~
- ~~(B) Are identifiable; and¶¶~~
- ~~(C) Are segregated from all other persons' records and data or are readily capable of segregation at no additional cost to the insurer;¶¶~~
- (h) State that all funds and invested assets of the insurer are the exclusive property of the insurer, held for the benefit of the insurer and are subject to the control of the insurer;¶¶
- (i) Include standards for termination of the agreement with and without cause;¶¶
- (j) Include provisions for indemnification of the insurer in the event of gross negligence or willful misconduct on the part of the affiliate providing the services and for any actions by the affiliate that violate provisions of the agreement required in subsections (k) to (o) of this section;¶¶
- ~~(k) Specify that, if the insurer is placed in receives supervision, seizure, conservatorship, or seized by the director under receivership pursuant to ORS chapter 734;~~¶¶
- ~~(A) All of the rights of the insurer under the agreement extend to the receiver or the director, and;¶¶~~
- ~~(B) All books and records to the extent permitted by ORS chapter 734;¶¶~~
- (B) All records and data of the insurer shall be identifiable, and segregated from all other persons' records and data or readily capable of segregation at no additional cost to the receiver or the director;¶¶
- (C) All complete set of records and data of the insurer will immediately be made available to the receiver or the director, shall be made available in a usable format and shall be turned over to the receiver or the director immediately upon the receiver or the director's request, and the cost to transfer the data to the receiver or the director shall be fair and reasonable; and¶¶
- (D) The affiliated persons will make available all employees essential to the operations of the insurer and the services associated therewith for the immediate continued performance of the essential services ordered or directed by the receiver or director;¶¶
- ~~(l) Specify that the affiliate has no automatic right to terminate the agreement if the insurer is placed in receivership pursuant to ORS chapter 734; and to supervision, seizure, conservatorship or receivership pursuant to ORS chapter 734;¶¶~~
- (m) Specify that the affiliate will provide the essential services for a minimum period of time, specified in the

agreement, after termination of the agreement, if the insurer is placed into supervision, seizure, conservatorship or receivership pursuant to ORS chapter 734, as ordered or directed by the receiver or director. Performance of the essential services will continue to be provided without regard to pre-receivership unpaid fees, so long as the affiliate continues to receive timely payment for post-receivership services rendered, and unless released by the receiver, director or supervising court;¶

~~(m)~~ Specify that the affiliate will continue to maintain any systems, programs, or other infrastructure notwithstanding a seizure by the director under ORS chapter 734, and will make them available to the receiver, for so long as the affiliate continues to receive timely payment for services rendered supervision, seizure, conservatorship or receivership pursuant to ORS chapter 734, and will make them available to the receiver or director as ordered or directed by the receiver or director for so long as the affiliate continues to receive timely payment for post-receivership services rendered, and unless released by the receiver, director or supervising court; and¶

(o) Specify that, in furtherance of the cooperation between the receiver and the affected guaranty association(s) and subject to the receiver's authority over the insurer, if the insurer is placed into supervision, seizure, conservatorship or receivership pursuant to ORS chapter 734, and portions of the insurer's policies or contracts are eligible for coverage by one or more guaranty associations, the affiliate's commitments under subsections (k) to (n) of this section will extend to such guaranty association(s).

Statutory/Other Authority: ORS 732.572

Statutes/Other Implemented: ORS 732.517 - 732.592