

insights

Missouri insurers to face new requirements for audits, compliance reporting in 2019

Effective January 1, 2019, Missouri insurers must [comply with new legislation](#) regarding internal audit requirements and the submission of new annual disclosure reports. These new requirements stem from model laws issued by the National Association of Insurance Commissioners (NAIC). Below is a brief overview of these new requirements.

Internal audit standards

Requirement. RSMo. § 375.1058 requires insurers to establish an internal audit function that provides independent, objective and reasonable assurance to organizational leadership that the insurer is functioning efficiently, complying with internal policies, and effectively managing risk. The internal audit function must have the authority to perform audits and reviews and must be “organizationally independent” to remain objective when exercising its oversight function.

Scope. The law generally applies to Missouri insurers (including health insurance companies and HMOs) unless the insurer: (1) individually has annual direct written and unaffiliated assumed premium of less than \$500 million; and (2) is a member of a group of insurers that has annual direct written and unaffiliated assumed premium of less than \$1 billion.

Corporate compliance reports

Requirement. RSMo. § 382.600-382.640 requires Missouri insurers to submit a Corporate Governance Annual Disclosure (CGAD) before June 1 of each calendar year. A CGAD is a report that provides the director of the Missouri Department of Insurance, Financial Institutions and Professional Registration a summary of the insurer or insurance group’s corporate governance structure, policies, and practices. The report permits the director to examine the insurer’s corporate governance policies and how the insurer implements such policies. The Department must maintain the confidentiality of the CGAD and may not disclose the CGAD to the public.

Scope. The law generally applies to Missouri insurers (including health insurance companies and HMOs). If the insurer is part of an insurance group, the insurer must submit a CGAD to its lead state unless the lead state has not yet adopted both the NAIC CGAD Model Act and Model Regulations.

In addition to the two new laws above, Missouri lawmakers passed legislation increasing the fees for many filings required by the Department.

Missouri insurance companies impacted by these new laws should review these requirements carefully to ensure compliance. If you have any questions, please feel free to contact the authors of this blog.

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