Suggest Moving to Section L of the Group Supervision Section of the FAH

Holding Company and Supervisory College Best Practices
Created by the
NAIC Group Solvency Issues Working Group
of the Solvency Modernization Initiatives (EX) Task Force
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I. INTRODUCTION

A. BACKGROUND/PURPOSE

The purpose of this document is to provide guidance and best practices for use by state insurance regulators in their regulatory oversight of insurance companies within insurance holding company systems. It is recommended these best practices be incorporated into existing NAIC Publications, such as the Financial Analysis Handbook, which already incorporates the 2005 Holding Company Framework concepts.

The information in this best practice document is meant to provide guidance to state insurance regulators and be an advisory resource.
II. HOLDING COMPANY BEST PRACTICES

A. COMMUNICATION/COORDINATION BETWEEN FUNCTIONAL REGULATORS

1. CROSS-BORDER AND OTHER FINANCIAL SECTOR COORDINATION

Insurance holding company systems can include numerous U.S. non-insurance entities that are regulated by other U.S. federal or state regulatory authorities (e.g., Securities and Exchange Commission, Office of Thrift Supervision, Federal Reserve Board, Centers for Medicare and Medicaid Services, etc.) as well as non-U.S. insurance or non-insurance entities regulated by international regulatory authorities. Efficient and effective financial regulatory oversight of the domestic insurer includes communicating and coordinating during the examination and through the quarterly analysis processes, when necessary, with other regulatory bodies which have authority over entities within the group that directly or indirectly impact the insurer. The direct or indirect impact can result from various relationships including ownership and control, reputation, board of director influence, reinsurance and other affiliated transactions and agreements.

Steps to achieving successful cross-border and other financial sector coordination include:

- Understand the holding company structure and intercompany relationships. Review Schedule Y, Form B and other information available to identify other entities within the holding company system. Identify intercompany relationships: reinsurance, management and cost-sharing agreements, common management, and boards of directors.

- Identify the functional regulators of entities within the holding company system. In addition to other state insurance regulators, identify U.S. Federal or state authorities, foreign insurance regulators with authority over foreign parents, subsidiaries or affiliates.

- Establish points of contact and communication channels with other functional regulators.

- Establish a plan for communication with other functional regulators. Establish the timing, frequency and scope of discussions. The communication plan may vary depending on the nature and materiality of intercompany relationships, the financial solvency of the insurer, the financial solvency of the other entities within the group, and whether Form A or Form D applications have been filed, or if regulatory actions are being considered or taken by either the insurance department or the other functional regulator(s) on entities within the group.

- Establish confidentiality agreements or memorandums of understanding (MOUs) with other functional regulators. Regarding the confidentiality of sensitive company information that is provided to or received from other functional regulators, the insurance department should establish confidentiality agreements or a memorandum of understanding with that functional regulator to ensure that confidentiality can be maintained.

2. INFORMATION FROM FEDERAL AGENCIES

When state insurance regulators coordinate with other functional federal regulators, efforts should be made to attempt to share information on the respective regulated entities within the holding company system. The attached Federal Agency Holding Company Regulation table in Appendix B provides a list of federal agency reports that could be requested by state insurance regulators under the MOUs in place. In addition to the items listed in Appendix B, state insurance regulators could request from functional
regulators copies of any internally-generated reports, recommendations, oversight plans, regulatory orders, management comment letters or any type of agreement pertaining to the holding company and/or any subsidiary within that holding company system.

3. **COMMUNICATION/COORDINATION OF HOLDING COMPANY INFORMATION**

It is important for state insurance departments to communicate with other state insurance departments about analysis, examination and other regulatory findings and to coordinate regulatory activities on insurers within a holding company system. The following sections deserve special mention:

- Role of the Lead State
- Utilizing the Lead State Report
- Sharing the Insurer Profile Summary and Holding Company Analysis Work papers

**ROLE OF THE LEAD STATE**

As already outlined in this *Financial Analysis Handbook*, the lead state concept is intended to facilitate effectiveness and efficiencies when one or more state(s) coordinate and communicate the regulatory processes and perspectives of all states involved. Its importance was stressed in the passage of the Gramm-Leach-Bliley Act (GLBA). The concept is not intended to relinquish the authority of any state, increase any state’s statutory authority, nor is it intended to put any state at any disadvantage.

The role of the Lead State(s) encompasses many responsibilities, which vary depending upon the size and complexity of the group and situations creating the need for regulatory coordination. For example, the lead state(s) should coordinate the review of the holding company system, which includes an analysis of the group’s financial results and overall business strategy, or coordinate discussion on a Form A filing. The Lead State should serve as a liaison for other financial or international regulatory requests, when the holding company system includes non-insurance or non-U.S. domestic insurance entities that are regulated by other functional or international regulators. This communication will allow for more effective and efficient regulation on key issues impacting the holding company system.

Other communication and coordination activities hosted by a lead state may include, but are not limited to, the following activities:

- Communicate supervisory activities regarding troubled insurers with other state insurance departments, functional regulators and/or international regulators.
- Coordinate analysis or examinations efforts, where feasible.
- Consensus assignment of specific regulatory tasks among different state insurance departments in order to achieve efficiency and effectiveness in regulatory efforts and to share personnel resources and expertise.
- Coordinate information requests to management.
- Initiate Supervisory Colleges of groups ([See Supervisory College section for guidance](#)), following the guidelines of the Supervisory Best Practices.
**USING THE LEAD STATE REPORT**

The Lead State Report is an important regulator only tool that state insurance regulators can utilize to establish direct lines of communication among insurance departments to coordinate holding company analysis efforts. The report provides the name and contact information for the analyst or supervisor assigned to each insurer within an insurance holding company group (i.e., an entity with a group code).

In order for the report to continue to be useful to regulators, it must be maintained by regulators. The information regarding the assigned analyst can be updated by the state in an effort to ensure it remains up to date. Therefore, states are encouraged to notify NAIC Financial Analysis staff any time contact information changes for persons listed from their state whether it be due to a shift in responsibilities or a change in a company’s domestic regulator, so that the report is always current and relevant of any other changes to the report that are necessary. It is recommended states review the report prior to each annual statement filing to ensure the contact information is correct.

**SHARING THE INSURER PROFILE SUMMARY**

The Insurer Profile Summary is a “living document” maintained by the state of domicile to “house” high-level summaries of risk-focused financial analysis, examinations, internal and external changes, priority scores, supervisory plans, and other standard information. In order to prepare a complete and comprehensive holding company analysis, it is recommended each state provide the profile of their domestic insurer to the lead state(s) or designee (i.e., state within the group conducting the coordinated holding company analysis) upon request.

The documentation contained in the Insurer Profile Summary is generally considered proprietary, confidential information that is not intended to be distributed to individuals other than state insurance regulators, without the express written consent of the applicable state insurance department. This documentation, if needed, should be requested in writing and state that the requesting state has the ability under its laws and regulations to maintain the information as confidential, and specifying the requesting state’s law.

**SUMMARY BEST PRACTICES ON HOW TO ACCOMPLISH INFORMATION SHARING**

- Actively participate as a Lead State carrying out the responsibilities of a lead state and encouraging communication and coordination among regulators of the group.
- If your state is not the Lead State, contact the lead state(s) as necessary to discuss outstanding issues and seek information.
- Proactively request and share the Insurer Profile Summaries on insurance legal entities within the group.
- Update your state’s contact information on the Lead State Report at least quarterly.
- In potentially troubled insurance company situations, share information and/or host conference calls with other impacted states ( domiciliary, licensed or business written) as soon as issues are identified at either the insurer or its holding company.
- Update and utilize the NAIC’s Form A Database. Contact the lead state or other states within the group to discuss Form A filings, Form D filings or other material transactions either at the insurer or holding company level. Depending on the magnitude and scope of the transaction, it is best to engage in discussions with other regulators during the review process, prior to approval or denial of the transaction, to understand and coordinate regulatory actions.
Establish routine schedules for communication between states and other functional and international regulators, where relevant. This may be most applicable for large groups, groups with numerous or complicated affiliated transactions and interdependencies, or stacking of insurance company ownerships (i.e., insurer owns insurer). Consideration should be given to calling Supervisory Colleges for some groups.

B. OWNERSHIP AND CONTROL

1. MERGERS & ACQUISITIONS OF CONTROL – UNIFORM PRACTICES

BEST PRACTICES

- Notify lead state(s) of any merger or acquisition involving your domestic insurer(s) within the holding company.
- Lead state(s) and domestic state(s) involved in transaction should decide if the transaction is material to the holding company.
- If transaction is deemed to be material, the lead state(s) should notify all states with domestic companies in the holding company and all other functional international and federal regulators of the pending transaction along with the purpose of the transaction.
- Depending on the nature of the transaction, the lead state(s) or domestic state(s) should regularly communicate with all states and other functional regulators, as warranted, to provide updates on the transaction and get feedback from the other states and regulators. If warranted, based on the nature or significance of the transaction, consider the formation of an NAIC “Subgroup” to facilitate timing, review and effective communication.

Merger(s)

Merger or consolidation of two or more insurers within the same Holding Company System (Section 3(E)(1)): To the extent that the merger or consolidation transaction is subject to prior approval filing under other laws of the states in which the merger/consolidation entities are licensed, the merger or consolidation is exempted from filing under the Holding Company Act.

Merger or consolidation of entities of an insurer with one or more non-insurers or insurance entities: The domestic regulator should have a clear understanding of the merger or consolidation with the following documentation requested from the insurer:

- Nature of and the reason for merger/consolidation.
- Evidence relating to why the merger/consolidation is fair and reasonable.
- Operational and financial impact of the merger/consolidation transaction to the domestic insurer.
- If subject to oversight by another functional regulator, seek material solvency concerns or regulatory concerns affecting the domestic insurer(s) or the holding company system.
- If the non-insurer is subject to oversight by another functional regulator, evidence of communication and approval of the transaction by the functional regulator.
Acquisitions of Control

The general premise of the exemption provision applicable under Section 3(E) (2) for acquisition of control of an insurer within the same Holding Company System assumes minimal impact upon the insurer on the acquisition. Such assumptions should include the considerations that:

- The ultimate controlling person of the insurer being acquired remains the same.
- No debt, guarantee, or other liability incurred as related to the transaction.
- No significant impact upon the financial position and operations of the insurer.

However, there must be a need for the acquisition of control to take place. The emphasis may not be the insurer being acquired, but the entity that is acquiring the insurer. The holding company restructure may be related to strengthen the financial position of the acquiring entities by reallocation of the stock ownership of the insurer to the acquiring entity in lieu of any cash contributions. Or the holding company restructure is to realign companies in preparation for sale of the insurer.

The domestic regulator of the insurer being acquired should request the following documentation:

- Nature of the acquisition
- Consideration of the acquisition
- Organizational chart – pre and post acquisition
- Operational and financial impact of the acquisition of both entities
- 3-year financial projections for the insurer
- Most recent audited financial statements of the acquiring entity
- Discussion of any anticipated changes to affiliated agreements
- If the entity acquiring the insurer is subject to oversight by another functional regulator, evidence of communication and approval of the transaction by the functional regulator.
- Biographical affidavits of all officers and directors of the acquiring entity and any intermediary company(s), to help ascertain the competence, experience and integrity of these individuals.
- All of the actual documents to be executed related to the acquisition.

2. COORDINATION OF FORM A REVIEWS

When an insurance department receives a Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer (Form A) filing involving an insurer in a group with multiple states or other functional regulators (i.e., state, federal, or international), the insurance department should: 1) inform the other regulators, 2) maintain communication throughout the filing review process, and 3) coordinate analysis efforts and regulator actions with the other impacted regulators. Depending on the size and complexity of the acquisition/merger, the lead state(s) may need to take responsibility for the coordination and facilitation of communication. Regardless of whether a joint hearing is requested, regulators should work jointly on the Form A review to maximize efficiency and promote coordinated communications with the insurers involved to reduce duplication of regulatory efforts, where possible.
**BEST PRACTICES**

- Lead state(s) or designee should assume the role of coordinator and communication facilitator. The lead state(s) should serve as the facilitator and central point of contact for purposes of gathering and distributing information to all regulators involved. If the lead state(s) delegate this responsibility to another domestic state within the group, all regulators, domestics and licensed states should be informed.

- States should enter the high-level information about Form A filings into the NAIC Form A Database as well as update the Form A Database with changes in status. The Form A Database allows regulators to communicate high-level information of a filing, as well as share contact information and comments on a filing.

- States should encourage analysts to sign up for Personalized Information Capture System (PICS) alerts to notify them of Form A Database entries and updates. Such alerts would highlight any potential addition or deletion of any insurer to a Group.

- Contact information for the lead analyst/supervisor/chief, as applicable, responsible for the Form A review at each insurance department, as well as contact information for other functional regulators involved should be distributed to all regulators involved.

- The lead state(s) or designee should schedule regular conference calls or arrange for regular e-mail communications, as deemed necessary, to receive and share status updates from each regulator involved. As many states have strict timeframes within which to complete reviews and schedule hearings, the frequency of conference calls and other communication will depend on the timelines of the particular states involved and the sensitivity of the transaction. Additionally, regulators can share comments regarding a filing in the Form A Database. The lead state(s) or designee should compile questions and issues identified by all domestics, licensed states and functional regulators in an unbiased manner in order to coordinate the resolution of the answers to the applicable parties and reduce duplicative requests.

- Review results, either internally prepared or work performed by hired consultants, or information collected by a state should be shared between the applicable regulators, where permissible. Collaborative sharing of information during the review process will reduce duplicative efforts and costs for both regulators and insurers. If the use of consultants is deemed necessary, regulators should consider coordinating the selection of the consultant and agree to share the work product of the consultant.

The lead state(s) or designee should coordinate a consolidated public hearing when deemed necessary by the lead state as set forth in the Model Act. If the proposed acquisition of control will require the approval of more than one commissioner, Model Act §440 provides that a public hearing may be held on a consolidated basis upon request of the person filing. Such person shall file the statement with the NAIC within five (5) business days of making the request for a public hearing. A commissioner may opt out of a consolidated hearing, and shall provide notice to the applicant of the opt-out within ten (10) business days of the receipt of the statement by the commissioner. A hearing conducted on a consolidated basis shall be public and shall be held within the United States before the commissioners of the states in which the insurers are domiciled. Such commissioners shall hear and receive evidence. A commissioner or designee may attend such hearing, in person or by telecommunication.
C. Standards of Management of an Insurer Within a Holding Company System

1. Form A Exemptions

The following are suggestions for additional oversight when considering an exemption under #440 Section 3E (2) of the Holding Company Act. Specifically the following should be considered when reviewing an exemption pertaining to investment managers/advisors that hold proxies directly or indirectly which may have more than 10% control.

**Reputational Risk — Market Disruption Regarding 10% Investor Limitation**

An investor with a large percentage of Holding Company stock may be entitled to divest significant shares, therefore driving the stock price down. This may cause a drop in the confidence levels of investors and policyholders and may also lead to ratings downgrades (if in combination with other issues).

**Best Practices**

- Although an exemption from change in control of over 10% may be contemplated for a “fund manager,” consideration should be given to limit the stock ownership by an individual or group of mutual funds or commonly-managed companies to no greater than 9.9%.
- As part of the review process, obtain written confirmation of the percent limitation in individual mutual funds.
- The domestic insurer’s awareness of the exemption request.
- The request does not violate the domestic insurer’s bylaws.

**Operational Risk — Ability to Influence Management and Policy Decisions**

An investor with a large percentage of Holding Company stock may inherently have the ability to influence management and policy.

**Best Practices**

- Upon reviewing the exemption from change in control, the regulator should inquire not only about the ability of the investor to obtain a board seat, but also about the ability of the investor to become a “non voting observer” on the board. Holding Company board controls should be firmly in place to assure that “influencing policy and management decisions” cannot occur.
- Board governance should be reviewed.

**Financial Risk — The Financial Condition of Holding Company and Insurer Deteriorates**

Reputational and operational risk (discussed above) can lead to financial risks.

**Best Practice**

The approval of the exemption from change in control should include a requirement that the State receive an attestation from the investor stating when there are changes in investing philosophy.
2. CORPORATE GOVERNANCE POLICIES

The following are suggestions when reviewing corporate governance policies within the holding company system.

OPERATIONAL AND LEGAL RISK - UNSUITABLE INFRASTRUCTURE DUE TO LACK OF POLICIES, PROCEDURES AND/OR RESOURCES

Regarding Insurance Holding Company Model Act (Model #440) Section 4 – Registration of Insurers and Section 5 – Standards and Management of an Insurer Within a Holding Company System; holding company group members may inappropriately shift insurance company assets to other group members.

BEST PRACTICES

- Make management responsible to ensure assets remain as such unless otherwise approved by the domiciliary jurisdiction.
- The insurer’s management should be responsible for ensuring that an annual evaluation is made of corporate governance and internal control procedures and for communicating the results of the evaluation to the board of directors.
- The senior management corporate governance and internal control procedures should be reviewed and assessed when deemed necessary.

D. AFFILIATED MANAGEMENT AND SERVICE AGREEMENTS

1. CHARGES FOR FEES FOR SERVICES

SSAPs 25 and 70 and Appendix A-440 discuss the Transactions Involving Services, Allocation of Costs, and Other Management Requirements

Transactions entered into at arms length by unaffiliated parties who willingly and freely (not under compulsion) enter into a transaction and arrive by negotiation at an agreed upon price (value) are by definition fair and reasonable. In the case of two or more affiliates, transactions can be deemed to be at arms length (and therefore fair and reasonable) if the transactions are entered into at rates equivalent to current market rates or on an allocation of actual costs. Some regulators consider transactions of an allocation of “costs plus a mark-up or discount” as neither at market nor at cost because these transactions may not be deemed to be an arms length transaction and may require more analysis to determine if it is fair and reasonable.

Transactions at Market Rate – there are at least three ways to establish fairness and reasonability with substantiating documents:

- The entity providing the service performs a substantial portion of its business with non-affiliated entities and can establish a price for affiliates similar to charges to non-affiliates, since the non-affiliates are assumed to have negotiated at arms length.
- The entity receiving the services analyzes and retains up-to-date documentation of localized market rates of services that could be provided to the entity by non-affiliated parties. Since each transaction of service is unique, determining a fair and reasonable charge is very difficult and time consuming. This method is the least relevant and reliable, and not efficient in establishing the rate.
Transactions at cost plus mark-up that is equal to market rate should be reviewed carefully and should be deemed fair and reasonable. Transactions at cost plus mark-up that is less than market rate should be reviewed carefully to determine if it is fair and reasonable.

Transactions at cost – this is the simplest method to determine fair and reasonable. The costs borne by the entity providing the agreed upon services are simply allocated to the entity receiving those services. As stated in the SSAPs, cost allocation must be done in ways that yield the most accurate results. Theoretically the service provider should not make a profit or incur a loss if the transaction is at cost.

- Can be apportioned directly as if the entity incurring the expense had paid for it directly, or
- Allocated using pertinent factors or ratios such as studies of employee activities, salary ratios or similar analysis.

Transactions at cost less a discount should be reviewed carefully to determine if it is fair and reasonable.

If cost is the method used (or required) to establish “reasonability,” identifying a “rate per unit” estimated on the amount of costs and number of units, does not in and of itself make the charge reasonable. This rate per unit is a close approximation of the actual costs. Using a rate per unit is merely a method for easily calculating interim payments that are due to the provider of the service. If a rate per unit is used to allocate costs, an expense “true-up” needs to be prepared and settled at least annually to reconcile the estimated costs (payments) with the actual costs incurred. The expense “true up” essentially replaces the estimated amounts with the actual amounts and includes the subsequent settlement of any differences.

Note: alien transactions will need additional deliberation due to potential conflicts between international tax laws and provision of services at cost vs. market.

2. **Regulator Considerations**

Items for initial filing review—the actual document(s) should be filed, not merely a summary:

- Identify and document:
  - The specific services that will be provided.
  - The specific expenses and/or costs that are to be covered by each party.
  - The entity(ies) providing and receiving each of those services.
  - Separate affiliate entities from non-affiliates.
  - Allocation method (market or cost) of the agreement.
  - The charges or fees for the services indicated.
  - The accounting basis used to apportion expenses.
  - Confirm that contract provisions will be accounted for in accordance with SSAPs.
  - Invoicing and settlement terms (should allow for admittance under SSAP 96).
  - The effective date and termination date.
  - The records rights and policies of each entity that is a party in the contract.
  - The governing law.
  - Any unique and relevant clauses not covered above.
  - Financial statements of the entity providing the services.

Other Considerations for Review of the Agreement:

- Determine the reasonableness of the allocation method and the charges or fees.
- Determine the agreement does not divert funds that could be considered a dividend.
• Summarize the business rationale for purpose and need of the agreement.
• Summarize the financial impact of the agreement on the company’s surplus or financial condition.
• Summarize the impact the agreement would have on the priority status of the company.
• Summarize the reasons to approve/disapprove the agreement.
III. Best Practices for Participating in International Supervisory Colleges


The following provides additional reference on how the IAIS key features regarding supervisory college participation might work in the US Framework:

A supervisory college is a regulatory tool which is incorporated into the existing risk-focused surveillance approach when a holding company system contains internationally active legal entities with material levels of activity and is designed to work in conjunction with a regulatory agency’s analytical, examination and legal efforts. The supervisory college attempts to create a more unified approach to addressing global financial supervision issues. Effective and efficient regulatory scrutiny of group-wide issues should occur in the context of an organized global approach and involve all significant regulatory parties, including regulatory agencies from countries outside of the US, and other state and federal agencies within the US.

Lead State - Coordination/Communication of Information

The following are suggestions relating to the role of the lead U.S. state to function as the U.S. contact for parent holding companies domiciled in other countries.

Consistent communication with applicable international regulators through the voluntary submission of information via the web-based NAIC International Supervisory Colleges Request Form.

The lead state should be available to attend supervisory colleges and for informal conference calls.

Consistency in who participates in the supervisory college is recommended for continued building of international relationships.

Lead state should gather all applicable material from non-lead domestic states in preparing for international meetings/calls including a conference call with all applicable domestic regulators; (see the section on state-to-state communication process)

- Within a reasonable time period after attending the supervisory college, the lead state should initiate a conference call with all non-lead domestic regulators, summarizing the supervisory meeting and any effects on the domestic companies.

The U.S. lead state plays a key role in coordinating communication to and from the international holding companies to non-lead states.

Lead state’s financial review of the international holding companies:

- Good understanding of the holding company organizational structure.
- Keep current of the financial review of the ultimate controlling person’s financial statements and those of key subsidiaries.
- Keep current of the significant events that impact the holding company system (e.g., financial, market, stock, catastrophic, etc.)
- Maintain contact with the international holding companies and the international regulators.
Coordinate the sharing and requesting of information where appropriate.

Lead state coordination among the international holding companies, international regulators, and non-lead states:

- Serve as the lead to coordinate communication among the international holding companies, the international regulators, and the non-lead states.
- Maintain open communication to address issues/concerns from the non-lead states.
- Provide assistance to the non-lead states in securing documents from the international holding companies.
- Initiate multi-state conference call through the NAIC to update the non-lead states on issues/concerns/events of the international holding companies.
- Collect and share issues/concerns among all non-lead states.

A. Other Considerations Not Addressed by the IAIS Guidance Paper on the Use of Supervisory Colleges in Group-Wide Supervision

No additional best practices other than those captured in the October 2009 IAIS Guidance Paper on the Use of Supervisory Colleges in Group-wide Supervision. The following provides additional reference on how the IAIS key features might work in the US framework:

A Supervisory College is a tool which is incorporated into the existing Risk Focused Surveillance approach and designed to work in conjunction with a regulatory agency’s analytical, examination and legal efforts.

The Supervisory College attempts to create a more unified approach towards addressing global financial supervision issues. Effective and efficient regulatory scrutiny of group-wide issues should occur in the context of an organized approach with all significant regulatory parties involved which could include regulatory agencies from countries outside of the United States, and other state and federal agencies within the United States.

The Supervisory College allows its participating members to routinely communicate on matters such as possible enterprise risk, material activities, changes in controlling interest, corporate governance, recent filings, and examinations.

A Supervisory College establishes a routine for establishing a regular communication channel with the appropriate company personnel which can be beneficial in identifying the appropriate company contacts quickly in the event of a crisis.

A Supervisory College is a commitment towards cooperation in making advanced preparations for dealing with financial crisis events and in managing crises. A Supervisory College further encourages a company’s identification and implementation of contingency plans and procedures. A Supervisory College allows its regulatory member participants to better understand the differing approaches which are utilized by each participant in their attempts to regulate matters. The better understanding of differing regulatory approaches prior to a crisis situation can assist in avoiding undue concerns and/or unwarranted
emphasis on unnecessary items and helps focus attention in a more timely and effective manner if a crisis should occur.
A. REFERENCES

IAIS Guidance Paper on the Use of Supervisory Colleges in Group-Wide Supervision [October 2009]
## Federal Agency Holding Company Regulation

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<td>Application Processing</td>
<td>For acquisitions and reorganizations, <a href="http://www.federalreserve.gov/reportforms/slhc/otsforms.cfm">http://www.federalreserve.gov/reportforms/slhc/otsforms.cfm</a></td>
<td>Federal Reserve Bank where reports are submitted</td>
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<td>Forms 3, 4, 5</td>
<td>Corporate Insiders and Beneficial Owners</td>
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<td>These and all other forms available at: <a href="http://sec.gov/about/forms/secforms.htm">http://sec.gov/about/forms/secforms.htm</a></td>
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<td>Form 8-K</td>
<td>Current Report</td>
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<td>Telephone: <a href="http://sec.gov/contact/phones.htm">http://sec.gov/contact/phones.htm</a></td>
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<td>Form 10-K</td>
<td>Annual Report</td>
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<td>Mailing: <a href="http://sec.gov/contact/addresses.htm">http://sec.gov/contact/addresses.htm</a></td>
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<td>Form 10-Q</td>
<td>Quarterly Report</td>
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<td>Denver Regional Office Donald Hoerl, Regional Director 1801 California Street, Suite 1500 Denver, CO 80202-2656 (303) 844-1000 e-mail: <a href="mailto:denver@sec.gov">denver@sec.gov</a> State jurisdiction: Colorado, Kansas, Nebraska, New Mexico, North Dakota, South Dakota, Wyoming</td>
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<td>Form 13-F</td>
<td>Inst. Investment Managers</td>
<td>Must be filed by Institutional Investment managers who exercise investment discretion over $100 million or more.</td>
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<td>Form D</td>
<td>Filed by those exempted from Regulation D</td>
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<td>Edgar Application</td>
<td>Application for access codes to Edgar</td>
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<td>FRB</td>
<td>FR Y-8</td>
<td>The Bank Holding Company Report of Insured Depository Institutions’ Section 23A Transactions with Affiliates</td>
<td>All top-tier BHCs, including financial holding companies, must provide this report for each insured depository institution that they own. Savings and loan holding companies begin filing this report as of March 31, 2013 unless the SLHC is exempt. <a href="http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-8&amp;WhichCategory=1">http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-8&amp;WhichCategory=1</a></td>
<td><a href="http://www.federalreserve.gov/feedback.cfm">http://www.federalreserve.gov/feedback.cfm</a> or call the Federal Reserve Bank where your company submits its reports.</td>
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<td>FR Y-9C</td>
<td>Consolidated Financial Statements for Bank Holding Companies</td>
<td>All top-tier BHCs and savings and loan holding companies with consolidated assets of $500 million or more, and bank holding companies meeting certain criteria regardless of size, must file this report. See the instructions for further detail. <a href="http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-9C&amp;WhichCategory=1">http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-9C&amp;WhichCategory=1</a></td>
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<td>FR Y-9LP</td>
<td>Parent Company Only Financial Statements for Large Bank Holding Companies</td>
<td>All BHCs and savings and loan holding companies with a parent that files the FR Y-9C must file this parent company only report. <a href="http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-9LP&amp;WhichCategory=1">http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-9LP&amp;WhichCategory=1</a></td>
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<tr>
<td>FR Y- 9SP</td>
<td>Parent Company Only Financial Statements PY for Small Bank Holding Companies</td>
<td>All BHCs and savings and loan holding companies with consolidated assets less than $500 million, except BHCs that meet certain criteria and file the FR Y-9C, must file this parent company only report. See the instructions for further detail. <a href="http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-9SP&amp;WhichCategory=1">http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-9SP&amp;WhichCategory=1</a></td>
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<td>FR Y- 9ES</td>
<td>Financial Statements for Employee Stock Ownership Plan Bank Holding Companies</td>
<td>All Employee Stock Ownership Plans (ESOPs) that are also bank holding companies as of the last calendar day of the year must file this report. Savings and loan holding companies will begin filing this report as of December 31, 2013 unless the SLHC is exempt. <a href="http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-9ES&amp;WhichCategory=1">http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-9ES&amp;WhichCategory=1</a></td>
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<td>FR Y- 11</td>
<td>Financial Statements of U.S. Nonbank Subsidiaries of U.S. Bank Holding Companies</td>
<td>Required of any top-tier BHC that has total consolidated assets of $500 million or more as of June 30 of the preceding year or files the FR Y-9C to meet supervisory needs and with a nonbank subsidiary that meets any one of the following criteria: 1) the total assets of the nonbank subsidiary are equal to or greater than $1 billion; 2) the nonbank subsidiary's off-balance-sheet activities are equal to or greater than $5 billion; 3) the nonbank subsidiary's equity capital is equal to or greater than five percent of the top-tier BHC's consolidated equity capital; or 4) the nonbank subsidiary's consolidated operating revenue is equal to or greater than five percent of the top-tier BHC's consolidated operating revenue. Subsidiaries that were created for purposes of issuing trust preferred securities are omitted from reporting on this series. A nonbank subsidiary that does not meet any of the criteria to file quarterly, but has total assets greater than or equal to $250 million (but less than $1 billion) submit this report annually. Subsidiaries that were created for purposes of issuing trust preferred securities are omitted from reporting on this series. Savings and loan holding companies will begin filing this report as early as March 31, 2013 (see reporting criteria) unless the SLHC is exempt. <a href="http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-11/FR_Y-11S&amp;WhichCategory=1">http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-11/FR_Y-11S&amp;WhichCategory=1</a></td>
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<tr>
<td>FR Y-11S</td>
<td>Abbreviated Financial Statements of U.S. Nonbank Subsidiaries of U.S. Bank Holding Companies</td>
<td>A non-bank subsidiary that does not meet any of the criteria to file the detailed report, but does meet one of the following criteria: 1) the nonbank subsidiary has total assets equal to or greater than $50 million (but less than $250 million), or 2) the subsidiary's total assets are greater than one percent of the consolidated top-tier organization's total assets. Subsidiaries that were created for purposes of issuing trust preferred securities are omitted from reporting on this series. Savings and loan holding companies will begin filing this report as of December 31, 2013 unless the SLHC is exempt.</td>
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<td>FR Y-12</td>
<td>Consolidated Bank Holding Company Report of Equity Investments in Nonfinancial Companies</td>
<td>All top-tier domestic BHCs that file an FR Y-9C and have aggregate nonfinancial equity investments that equal or exceed the lesser of $100 million (on an acquisition cost basis) or 10 percent of the BHC's consolidated Tier 1 capital as of the report date; and the BHC holds, either directly or indirectly through a subsidiary or affiliate, any non-financial equity investments with a Small Business Investment Company (SBIC) structure, or under section 4(c)(6) or 4(c)(7) of the Bank Holding Company Act, or pursuant to the merchant banking authority of section 4(k)4(H) of the Bank Holding Company Act, or pursuant to the investment authority granted by Regulation K. Savings and loan holding companies will begin filing this report as of March 31, 2013 unless the SLHC is exempt.</td>
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<td>FR Y-12</td>
<td>Consolidated Bank Holding Company Report of Equity Investments in Nonfinancial Companies</td>
<td>All top-tier domestic BHCs that file an FR Y-9SP and have aggregate nonfinancial equity investments that equal or exceed 10 percent of the BHC's total capital as of the report date; and the BHC holds, either directly or indirectly through a subsidiary or affiliate, any non-financial equity investments with a Small Business Investment Company (SBIC) structure, or under section 4(c)(6) or 4(c)(7) of the Bank Holding Company Act, or pursuant to the merchant banking authority of section 4(k)4(H) of the Bank Holding Company Act, or pursuant to the investment authority granted by Regulation K. Savings and loan holding companies will begin filing this report as of June 30, 2013 unless the SLHC is exempt.</td>
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<td>FR Y-12A</td>
<td>Annual Report of Merchant Banking Investments Held for an Extended Period</td>
<td>Financial holding companies (FHCs) that have owned, controlled or held investments under the Merchant Banking Authority (section 4(k)(4)(H) of the Bank Holding Company Act and Subpart J of Regulation Y) for a period that exceeds the “applicable reporting period” for the investment, as of December 31 of the relevant calendar year. Savings and loan holding companies will begin filing this report as of December 31, 2013 if applicable or the SLHC is exempt. <a href="http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-12A&amp;WhichCategory=1">http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-12A&amp;WhichCategory=1</a></td>
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<td>FR Y-20</td>
<td>Financial Statements for a Bank Holding Company Subsidiary Engaged in Bank-Ineligible Securities Underwriting and Dealing</td>
<td>Required of all BHCs that applied and received Federal Reserve Board approval under section 4(c)(8) of the Bank Holding Company Act and section 225.23 of Regulation Y for their designated Section 20 subsidiaries to engage in underwriting and dealing in bank-ineligible securities to a limited extent. The parent company includes a foreign bank that is treated as a BHC under the International Banking Act of 1978 and the Bank Holding Company Act of 1956. <a href="http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-20&amp;WhichCategory=1">http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-20&amp;WhichCategory=1</a></td>
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<td>FR 2314</td>
<td>Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations</td>
<td>A U.S. banking organization must file quarterly for its subsidiary if the foreign subsidiary is owned or controlled by a parent U.S. BHC that files the FR Y-9C or parent state member bank or Edge and agreement corporation, has total consolidated assets equal to or greater than $500 million, and the foreign subsidiary meets any one of the following criteria: 1) the foreign subsidiary's total assets are greater than or equal to $1 billion; 2) the foreign subsidiary's off-balance-sheet activities are greater than or equal to $5 billion; 3) the foreign subsidiary's equity is greater than or equal to five percent of top-tier consolidated equity capital; or 4) the foreign subsidiary's operational revenue is greater than or equal to five percent of the top-tier consolidated operating revenue. A foreign subsidiary that does not meet any of the criteria to file quarterly, but has total assets greater than or equal to $250 million (but less than $1 billion) must file this report annually. Savings and loan holding companies will begin filing this report as early as March 31, 2013 (see reporting criteria) unless the SLHC is exempt. <a href="http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_2314/FR_2314S&amp;WhichCategory=1">http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_2314/FR_2314S&amp;WhichCategory=1</a></td>
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<td>FR 2314S</td>
<td>Abbreviated Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations</td>
<td>Required of a foreign subsidiary that does not meet the criteria to file the detailed report, but does meet one of the following criteria: 1) foreign subsidiary has total assets equal to or greater than $50 million (but less than $250 million), or 2) the foreign subsidiary's total assets are greater than or equal to one percent of the consolidated top-tier organization's total assets. Savings and loan holding companies will begin filing this report as of December 31, 2013 (see reporting criteria) unless the SLHC is exempt.</td>
<td><a href="http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_2314S&amp;WhichCategory=1">http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_2314S&amp;WhichCategory=1</a></td>
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<td>FR Y-6</td>
<td>Annual Report of Holding Companies</td>
<td>Required of all top-tier BHCs, top-tier savings and loan holding companies, ESOPs that are also BHCs or SLHCs, and securities holding companies.</td>
<td><a href="http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-6&amp;WhichCategory=1">http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-6&amp;WhichCategory=1</a></td>
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<td>FR Y-10</td>
<td>Report of Changes in Organizational Structure</td>
<td>Required of all top-tier BHCs, including FHCs, top-tier savings and loan holding companies, ESOPs that are also BHCs or SLHCs, and securities holding companies, state member banks that are not controlled by a BHC or an FBO; Edge and agreement corporations that are not controlled by a member bank, a domestic BHC, or an FBO; nationally chartered banks, with regard to their foreign investments only, that are not controlled by a BHC or an FBO; and FBOs.</td>
<td><a href="http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-10&amp;WhichCategory=2">http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FR_Y-10&amp;WhichCategory=2</a></td>
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<td>FFIEC 101</td>
<td>Risk-Based Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework</td>
<td>Required of each bank, BHC, and saving association that qualifies for and adopts the Advanced Capital Adequacy Framework to calculate their risk-based capital requirement or such organizations that are in the parallel run stage of qualifying to adopt this framework.</td>
<td><a href="http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FFIEC_101&amp;WhichCategory=2">http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FFIEC_101&amp;WhichCategory=2</a></td>
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<td>FFIEC 009</td>
<td>Country Exposure Report</td>
<td>Required of U.S. commercial banks and BHCs holding $30 million or more in claims on residents of foreign countries. See the report instructions for additional criteria.</td>
<td><a href="http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FFIEC_009&amp;WhichCategory=3">http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FFIEC_009&amp;WhichCategory=3</a></td>
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<tr>
<td>FFIEC 009a</td>
<td>Country Exposure Information Report</td>
<td>Respondents file the FFIEC 009a if exposures to a country exceed 1 percent of total assets or 20 percent of capital of the reporting institution. FFIEC 009a respondents also furnish a list of countries in which exposures were between 3/4 of 1 percent and 1 percent of total assets or between 15 and 20 percent of capital.</td>
<td><a href="http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FFIEC_009a&amp;WhichCategory=3">http://www.federalreserve.gov/reportforms/ReportDetail.cfm?WhichFormId=FFIEC_009a&amp;WhichCategory=3</a></td>
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