

To: Group Solvency Issues (EX) Working Group

From: Linda G. Haralson, CFE,FLMI,CIE,ARe,CPCU,CFE Chief Financial Examiner
South Carolina Department of Insurance Ph. 803-737-6116

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RE: Group Solvency Issues (EX) Working Group - Request for Comment - Two
Questionnaires

QUESTIONNAIRE #1

1. Please provide observations or lessons learned on the use of the existing Insurance Holding Company System Model Regulatory Act and its effectiveness in addressing the issues that can exist within insurer groups, including international solvency issues. If possible, please include examples from recent events, where if improvements to certain areas of the Act were in place, might have allowed possible regulatory reactions to be more efficient or effective. NO COMMENT AT THIS TIME

2. Please describe any significant statutory enhancements a state has made regarding holding companies, international solvency topics related to groups, and/or interactions between federal and state regulators that could be viewed as supplementing this Model Act. NO COMMENT AT THIS TIME

3. Please describe any recommendations to enhance the Insurance Holding Company System Model Regulatory Act and the purpose of such enhancements

QUESTIONNAIRE #2

1) Studying the need to develop group-wide supervision, which may include group-wide capital requirements. The Study should consider possible approaches to such capital requirements, including how capital for financial conglomerates and non-regulated entities are calculated. NO COMMENT AT THIS TIME

2) Studying the international solvency issues related to groups and the need to modify the Holding Company Model Act for any proposed changes in this area. This study should include consideration of the interaction between federal and state financial regulators and any changes that would be necessary to improve regulatory oversight provided by the Holding Company Model Act. NO COMMENT AT THIS TIME

3) Please describe any recommendations to enhance the Insurance Holding Company System Model Regulatory Act and the purpose of such enhancements.

STRONGER LANGUAGE IS NEEDED RELATIVE TO COST SHARING/MANAGEMENT AGREEMENTS AMONG AFFILIATES. SO MANY AFFILIATED "MANAGEMENT" COMPANIES ETC. ARE MERELY ORGANIZED TO SIPHON FUNDS. ALTHOUGH REGULATORS CAN AND DO ASK A LOT OF QUESTIONS IN AN ATTEMPT TO DETERMINE WHETHER FEES ARE REASONABLE, IT IS DIFFICULT WITHOUT SOME APPROPRIATE UPDATED LANGUAGE/GUIDELINES.