

## INSURANCE HOLDING COMPANY SYSTEM MODEL REGULATION WITH REPORTING FORMS AND INSTRUCTIONS

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### **Section 1. Authority**

These regulations are promulgated pursuant to the authority granted by Sections [insert applicable sections] and [insert applicable section] of the Insurance Law.

**Note:** Optional for those states in which similar provisions are normally used.

### **Section 2. Purpose**

The purpose of these regulations is to set forth rules and procedural requirements which the Commissioner deems necessary to carry out the provisions of the NAIC Insurance Holding Company System Regulatory Act [insert applicable sections] of the Insurance Code hereinafter referred to as “the Act.” The information called for by these regulations is hereby declared to be necessary and appropriate in the public interest and for the protection of the policyholders in this State.

**Editor’s Note:** Insert the title of the chief insurance regulatory official wherever the term “commissioner” appears.

**Drafting Note:** Optional for those states in which similar provisions are normally used.

### **Section 3. Severability Clause**

If any provision of these regulations, or the application thereof to any person or circumstance, is held invalid, such determination shall not affect other provisions or applications of these regulations which can be given effect without the invalid provision or application, and to that end the provisions of these regulations are severable.

**Drafting Note:** Optional for those states in which similar provisions are normally used.

### **Section 4. Forms - General Requirements**

- A. Forms A, B, C, D, E and F are intended to be guides in the preparation of the statements required by Sections 3, 3.1, 4, and 5 of the Act. They are not intended to be blank forms which are to be filled in. The statements filed shall contain the numbers and captions of all items, but the text of the items may be omitted provided the answers thereto are prepared in such a manner as to indicate clearly the scope and coverage of the items. All instructions, whether appearing under the items of the form or elsewhere therein, are to be omitted. Unless expressly provided otherwise, if any item is inapplicable or the answer thereto is in the negative, an appropriate statement to that effect shall be made.
- B. [Insert number] complete copies of each statement including exhibits and all other papers and documents filed as a part thereof, shall be filed with the Commissioner by personal delivery or mail addressed to: Insurance Commissioner of the State of [insert state and address], Attention: [insert name - title]. At least one of the copies shall be signed in the manner prescribed on the form. Unsigned copies shall be conformed. If the signature of any person is affixed pursuant to a power of attorney or other similar authority, a copy of the power of attorney or other authority shall also be filed with the statement.
- C. If an applicant requests a hearing on a consolidated basis under Section 3D(3) of the Act, in addition to filing the Form A with the commissioner, the applicant shall file a copy of Form A with the National Association of Insurance Commissioners (NAIC) in electronic form.
- D. Statements should be prepared electronically. Statements shall be easily readable and suitable for review and reproduction. Debits in credit categories and credits in debit categories shall be designated so as to be clearly distinguishable as such on photocopies. Statements shall be in the English language and monetary values shall be stated in United States currency. If any exhibit or other paper or document filed with the statement is in a foreign language, it shall be accompanied by a translation into the English language and any monetary value shown in a foreign currency normally shall be converted into United States currency.

**Drafting Note:** Section 4 may be omitted if it is included as instructions on Forms A, B, C, D, E and F.

## **Section 5. Forms - Incorporation by Reference, Summaries and Omissions**

- A. Information required by any item of Form A, Form B, Form D, Form E or Form F may be incorporated by reference in answer or partial answer to any other item. Information contained in any financial statement, annual report, proxy statement, statement filed with a governmental authority, or any other document may be incorporated by reference in answer or partial answer to any item of Form A, Form B, Form D, Form E or Form F provided the document is filed as an exhibit to the statement. Excerpts of documents may be filed as exhibits if the documents are extensive. Documents currently on file with the Commissioner which were filed within three (3) years need not be attached as exhibits. References to information contained in exhibits or in documents already on file shall clearly identify the material and shall specifically indicate that such material is to be incorporated by reference in answer to the item. Matter shall not be incorporated by reference in any case where the incorporation would render the statement incomplete, unclear or confusing.
- B. Where an item requires a summary or outline of the provisions of any document, only a brief statement shall be made as to the pertinent provisions of the document. In addition to the statement, the summary or outline may incorporate by reference particular parts of any exhibit or document currently on file with the Commissioner which was filed within three (3) years and may be qualified in its entirety by such reference. In any case where two (2) or more documents required to be filed as exhibits are substantially identical in all material respects except as to the parties thereto, the dates of execution, or other details, a copy of only one of the documents need be filed with a schedule identifying the omitted documents and setting forth the material details in which the documents differ from the documents, a copy of which is filed.

**Drafting Note:** Section 5 may be omitted if it is included as instructions on Forms A, B, D, E and F.

## **Section 6. Forms-Information Unknown or Unavailable and Extension of Time to Furnish**

If it is impractical to furnish any required information, document or report at the time it is required to be filed, there shall be filed with the Commissioner a separate document:

- A. Identifying the information, document or report in question;
- B. Stating why the filing thereof at the time required is impractical; and
- C. Requesting an extension of time for filing the information, document or report to a specified date. The request for extension shall be deemed granted unless the Commissioner within [XX] days after receipt thereof enters an order denying the request.

**Drafting Note:** Section 6 may be omitted if it is included as instruction on Forms A, B, C, D, E and F.

## **Section 7. Forms - Additional Information and Exhibits**

In addition to the information expressly required to be included in Form A, Form B, Form C, Form D, Form E and Form F, the Commissioner may request such further material information, if any, as may be necessary to make the information contained therein not misleading. The person filing may

also file such exhibits as it may desire in addition to those expressly required by the statement. The exhibits shall be so marked as to indicate clearly the subject matters to which they refer. Changes to Forms A, B, C, D, E or F shall include on the top of the cover page the phrase: “Change No. [insert number] to” and shall indicate the date of the change and not the date of the original filing.

**Drafting Note:** Section 7 may be omitted if it included as instructions on Forms A, B, C, D, E and F.

## **Section 8. Definitions**

- 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. “Ultimate controlling person” means that person which is not controlled by any other person.
- C. Unless the context otherwise requires, other terms found in these regulations and in Section 1 of the Act are used as defined in the Act. Other nomenclature or terminology is according to the Insurance Code, or industry usage if not defined by the Code.

**Drafting Note:** If regulation Section 2 is not adopted by the state, the following definition should be added to this section: “The Act” means the Insurance Holding Company System Regulatory Act [insert applicable sections of the Insurance Code].

## **Section 9. Subsidiaries of Domestic Insurers**

The authority to invest in subsidiaries under Section 2B of the Act is in addition to any authority to invest in subsidiaries which may be contained in any other provision of the Insurance Code.

## **Section 10. Acquisition of Control - Statement Filing**

A person required to file a statement pursuant to Section 3 of the Act shall furnish the required information on Form A, hereby made a part of this regulation. Such person shall also furnish the required information on Form E, hereby made a part of this regulation and described in Section 13 of this regulation.

## **Section 11. Amendments to Form A**

The applicant shall promptly advise the Commissioner of any changes in the information furnished on Form A arising subsequent to the date upon which the information was furnished but prior to the Commissioner’s disposition of the application.

## **Section 12. Acquisition of Section 3A(4) Insurers**

- A. If the person being acquired is deemed to be a “domestic insurer” solely because of the provisions of Section 3A(4) of the Act, the name of the domestic insurer on the cover page should be indicated as follows:

“ABC Insurance Company, a subsidiary of XYZ Holding Company.”

- B. Where a Section 3A(4) insurer is being acquired, references to “the insurer” contained in Form A shall refer to both the domestic subsidiary insurer and the person being acquired.

### **Section 13. Pre-Acquisition Notification**

If a domestic insurer, including any person controlling a domestic insurer, is proposing a merger or acquisition pursuant to Section 3A(1) of the Act, that person shall file a pre-acquisition notification form, Form E, which was developed pursuant to Section 3.1C(1) of the Act.

Additionally, if a non-domiciliary insurer licensed to do business in this state is proposing a merger or acquisition pursuant to Section 3.1 of the Act, that person shall file a pre-acquisition notification form, Form E. No pre-acquisition notification form need be filed if the acquisition is beyond the scope of Section 3.1 as set forth in Section 3.1B(2).

In addition to the information required by Form E, the Commissioner may wish to require an expert opinion as to the competitive impact of the proposed acquisition.

### **Section 14. Annual Registration of Insurers - Statement Filing**

An insurer required to file an annual registration statement pursuant to Section 4 of the Act shall furnish the required information on Form B, hereby made a part of these regulations.

### **Section 15. Summary of Registration - Statement Filing**

An insurer required to file an annual registration statement pursuant to Section 4 of the Act is also required to furnish information required on Form C, hereby made a part of these regulations.

### **Section 16. Amendments to Form B**

- A. An amendment to Form B shall be filed within fifteen (15) days after the end of any month in which there is a material change to the information provided in the annual registration statement.
- B. Amendments shall be filed in the Form B format with only those items which are being amended reported. Each amendment shall include at the top of the cover page “Amendment No. [insert number] to Form B for [insert year]” and shall indicate the date of the change and not the date of the original filings.

**Drafting Note:** Section 16 may be omitted if Section 5A(2) of the Model Act has been adopted and amendments to the registration statement are therefore not required by the Act.

### **Section 17. Alternative and Consolidated Registrations**

- A. Any authorized insurer may file a registration statement on behalf of any affiliated insurer or insurers which are required to register under Section 4 of the Act. A registration statement may include information not required by the Act regarding any insurer in the insurance holding company system even if the insurer is not authorized to do business in this State. In lieu of filing a registration statement on Form B, the authorized insurer may file a copy of the registration statement or similar report which it is required to file in its State of domicile, provided:

Insurance Holding Company System Model Regulation  
with Reporting Forms and Instructions

- (1) The statement or report contains substantially similar information required to be furnished on Form B; and
  - (2) The filing insurer is the principal insurance company in the insurance holding company system.
- B. The question of whether the filing insurer is the principal insurance company in the insurance holding company system is a question of fact and an insurer filing a registration statement or report in lieu of Form B on behalf of an affiliated insurer, shall set forth a brief statement of facts which will substantiate the filing insurer's claim that it, in fact, is the principal insurer in the insurance holding company system.
- C. With the prior approval of the Commissioner, an unauthorized insurer may follow any of the procedures which could be done by an authorized insurer under Subsection A above.
- D. Any insurer may take advantage of the provisions of Section 4H or 4I of the Act without obtaining the prior approval of the Commissioner. The Commissioner, however, reserves the right to require individual filings if he or she deems such filings necessary in the interest of clarity, ease of administration or the public good.

**Section 18. Disclaimers and Termination of Registration**

- A. A disclaimer of affiliation or a request for termination of registration claiming that a person does not, or will not upon the taking of some proposed action, control another person (hereinafter referred to as the "subject") shall contain the following information:
- (1) The number of authorized, issued and outstanding voting securities of the subject;
  - (2) With respect to the person whose control is denied and all affiliates of such person, the number and percentage of shares of the subject's voting securities which are held of record or known to be beneficially owned, and the number of shares concerning which there is a right to acquire, directly or indirectly;
  - (3) All material relationships and bases for affiliation between the subject and the person whose control is denied and all affiliates of such person;
  - (4) A statement explaining why the person should not be considered to control the subject.
- B. A request for termination of registration shall be deemed to have been granted unless the Commissioner, within thirty (30) days after receipt of the request, notifies the registrant otherwise.

**Section 19. Transactions Subject to Prior Notice - Notice Filing**

- A. An insurer required to give notice of a proposed transaction pursuant to Section 5 of the Act shall furnish the required information on Form D, hereby made a part of these regulations.

- B. Agreements for cost sharing services and management services shall at a minimum and as applicable:
- (1) Identify the person providing services and the nature of such services;
  - (2) Set forth the methods to allocate costs;
  - (3) Require timely settlement, not less frequently than on a quarterly basis, and compliance with the requirements in the Accounting Practices and Procedures Manual;
  - (4) Prohibit advancement of funds by the insurer to the affiliate except to pay for services defined in the agreement;
  - (5) 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;
  - (6) Define books and records of the insurer to include all books and records developed or maintained under or related to the agreement;
  - (7) Specify that all books and records of the insurer are and remain the property of the insurer and are subject to control of the insurer;
  - (8) 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;
  - (9) Include standards for termination of the agreement with and without cause;
  - (10) 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;
  - (11) Specify that, if the insurer is placed in receivership or seized by the commissioner under the State Receivership Act:
    - (a) all of the rights of the insurer under the agreement extend to the receiver or commissioner; and,
    - (b) all books and records will immediately be made available to the receiver or the commissioner, and shall be turned over to the receiver or commissioner immediately upon the receiver or the commissioner's request;
  - (12) Specify that the affiliate has no automatic right to terminate the agreement if the insurer is placed in receivership pursuant to the State Receivership Act; and

- (13) Specify that the affiliate will continue to maintain any systems, programs, or other infrastructure notwithstanding a seizure by the commissioner under the State Receivership Act, and will make them available to the receiver, for so long as the affiliate continues to receive timely payment for services rendered.

## **Section 20. Enterprise Risk Report**

The ultimate controlling person of an insurer required to file an enterprise risk report pursuant to Section 4L of the Act shall furnish the required information on Form F, hereby made a part of these regulations.

## **Section 21. Extraordinary Dividends and Other Distributions**

- A. Requests for approval of extraordinary dividends or any other extraordinary distribution to shareholders shall include the following:
  - (1) The amount of the proposed dividend;
  - (2) The date established for payment of the dividend;
  - (3) A statement as to whether the dividend is to be in cash or other property and, if in property, a description thereof, its cost, and its fair market value together with an explanation of the basis for valuation;
  - (4) A copy of the calculations determining that the proposed dividend is extraordinary. The work paper shall include the following information:
    - (a) The amounts, dates and form of payment of all dividends or distributions (including regular dividends but excluding distributions of the insurer's own securities) paid within the period of twelve (12) consecutive months ending on the date fixed for payment of the proposed dividend for which approval is sought and commencing on the day after the same day of the same month in the last preceding year;
    - (b) Surplus as regards policyholders (total capital and surplus) as of the 31st day of December next preceding;
    - (c) If the insurer is a life insurer, the net gain from operations for the 12-month period ending the 31st day of December next preceding;
    - (d) If the insurer is not a life insurer, the net income less realized capital gains for the 12-month period ending the 31st day of December next preceding and the two preceding 12-month periods; and
    - (e) If the insurer is not a life insurer, the dividends paid to stockholders excluding distributions of the insurer's own securities in the preceding two (2) calendar years;



- (5) A balance sheet and statement of income for the period intervening from the last annual statement filed with the Commissioner and the end of the month preceding the month in which the request for dividend approval is submitted; and
  - (6) A brief statement as to the effect of the proposed dividend upon the insurer's surplus and the reasonableness of surplus in relation to the insurer's outstanding liabilities and the adequacy of surplus relative to the insurer's financial needs.
- B. Subject to Section 5B of the Act, each registered insurer shall report to the Commissioner all dividends and other distributions to shareholders within fifteen (15) business days following the declaration thereof, including the same information required by Subsection A(4).

## **Section 22. Adequacy of Surplus**

The factors set forth in Section 5D of the Act are not intended to be an exhaustive list. In determining the adequacy and reasonableness of an insurer's surplus no single factor is necessarily controlling. The Commissioner instead will consider the net effect of all of these factors plus other factors bearing on the financial condition of the insurer. In comparing the surplus maintained by other insurers, the Commissioner will consider the extent to which each of these factors varies from company to company and in determining the quality and liquidity of investments in subsidiaries, the Commissioner will consider the individual subsidiary and may discount or disallow its valuation to the extent that the individual investments so warrant.

**FORM A**

**STATEMENT REGARDING THE  
ACQUISITION OF CONTROL OF OR MERGER WITH A DOMESTIC INSURER**

\_\_\_\_\_  
Name of Domestic Insurer

BY

\_\_\_\_\_  
Name of Acquiring Person (Applicant)

Filed with the Insurance Department of

\_\_\_\_\_  
(State of domicile of insurer being acquired)

Dated: \_\_\_\_\_, 20\_\_\_\_

Name, Title, address and telephone number of Individual to Whom Notices and Correspondence Concerning this Statement Should be Addressed:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ITEM 1. METHOD OF ACQUISITION**

State the name and address of the domestic insurer to which this application relates and a brief description of how control is to be acquired.

**ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT**

- (a) State the name and address of the applicant seeking to acquire control over the insurer.
- (b) If the applicant is not an individual, state the nature of its business operations for the past 5 years or for such lesser period as such person and any predecessors thereof shall have been in existence. Briefly describe the business intended to be done by the applicant and the applicant's subsidiaries.

- (c) Furnish a chart or listing clearly presenting the identities of the interrelationships among the applicant and all affiliates of the applicant. Indicate in such chart or listing the percentage of voting securities of each such person which is owned or controlled by the applicant or by any other such person. If control of any person is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g. corporation, trust, partnership) and the state or other jurisdiction of domicile. If court proceedings involving a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.

**ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT**

On the biographical affidavit, include a third party background check, and state the following with respect to (1) the applicant if (s)he is an individual or (2) all persons who are directors, executive officers or owners of 10% or more of the voting securities of the applicant if the applicant is not an individual.

- (a) Name and business address.
- (b) Present principal business activity, occupation or employment including position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on.
- (c) Material occupations, positions, offices or employment during the last 5 years, giving the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on; if any such occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency, indicate such fact, the current status of such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith.
- (d) Whether or not such person has ever been convicted in a criminal proceeding (excluding minor traffic violations) during the last 10 years and, if so, give the date, nature of conviction, name and location of court, and penalty imposed or other disposition of the case.

**ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION**

- (a) Describe the nature, source and amount of funds or other considerations used or to be used in effecting the merger or other acquisition of control. If any part of the same is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding or trading securities, furnish a description of the transaction, the names of the parties thereto, the relationship, if any, between the borrower and the lender, the amounts borrowed or to be borrowed, and copies of all agreements, promissory notes and security arrangements relating thereto.

- (b) Explain the criteria used in determining the nature and amount of such consideration.
- (c) If the source of the consideration is a loan made in the lender's ordinary course of business and if the applicant wishes the identity of the lender to remain confidential, he must specifically request that the identity be kept confidential.

**ITEM 5. FUTURE PLANS OF INSURER**

Describe any plans or proposals which the applicant may have to declare an extraordinary dividend, to liquidate the insurer, to sell its assets to or merge it with any person or persons or to make any other material change in its business operations or corporate structure or management.

**ITEM 6. VOTING SECURITIES TO BE ACQUIRED**

State the number of shares of the insurer's voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire, and the terms of the offer, request, invitation, agreement or acquisition, and a statement as to the method by which the fairness of the proposal was arrived at.

**ITEM 7. OWNERSHIP OF VOTING SECURITIES**

State the amount of each class of any voting security of the insurer which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.

**ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER**

Give a full description of any contracts, arrangements or understandings with respect to any voting security of the insurer in which the applicant, its affiliates or any person listed in Item 3 is involved, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. Such description shall identify the persons with whom the contracts, arrangements or understandings have been entered into.

**ITEM 9. RECENT PURCHASES OF VOTING SECURITIES**

Describe any purchases of any voting securities of the insurer by the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement. Include in the description the dates of purchase, the names of the purchasers, and the consideration paid or agreed to be paid therefor. State whether any shares so purchased are hypothecated.

**ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE**

Describe any recommendations to purchase any voting security of the insurer made by the applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement.

**ITEM 11. AGREEMENTS WITH BROKER-DEALERS**

Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the insurer for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

**ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS**

- (a) Financial statements, exhibits, and three-year financial projections of the insurer(s) shall be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.
- (b) The financial statements shall include the annual financial statements of the persons identified in Item 2(c) for the preceding 5 fiscal years (or for such lesser period as such applicant and its affiliates and any predecessors thereof shall have been in existence), and similar information covering the period from the end of such person's last fiscal year, if the information is available. The statements may be prepared on either an individual basis, or, unless the Commissioner otherwise requires, on a consolidated basis if consolidated statements are prepared in the usual course of business.

The annual financial statements of the applicant shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial position of the applicant and the results of its operations for the year then ended, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles prescribed or permitted under law. If the applicant is an insurer which is actively engaged in the business of insurance, the financial statements need not be certified, provided they are based on the Annual Statement of the person filed with the insurance department of the person's domiciliary state and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of the state.

- (c) File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material relating thereto, any proposed employment, consultation, advisory or management contracts concerning the insurer, annual reports to the stockholders of the insurer and the applicant for the last two fiscal years, and any additional documents or papers required by Form A or regulation Sections 4 and 6.

**ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT**

Applicant agrees to provide, to the best of its knowledge and belief, the information required by Form F within fifteen (15) days after the end of the month in which the acquisition of control occurs.

**ITEM 14. SIGNATURE AND CERTIFICATION**

Signature and certification required as follows:

**SIGNATURE**

Pursuant to the requirements of Section 3 of the Act \_\_\_\_\_ has caused this application to be duly signed on its behalf in the City of \_\_\_\_\_ and State of on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

(SEAL) \_\_\_\_\_  
Name of Applicant

BY \_\_\_\_\_  
(Name) (Title)

Attest:

\_\_\_\_\_  
(Signature of Officer)

\_\_\_\_\_  
(Title)

**CERTIFICATION**

The undersigned deposes and says that (s)he has duly executed the attached application dated \_\_\_\_\_, 20\_\_\_\_, for and on behalf of \_\_\_\_\_(Name of Applicant); that (s)he is the \_\_\_\_\_(Title of Officer) of such company and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.

(Signature) \_\_\_\_\_

(Type or print name beneath) \_\_\_\_\_

**FORM B**

**INSURANCE HOLDING COMPANY SYSTEM ANNUAL REGISTRATION STATEMENT**

Filed with the Insurance Department of the State of \_\_\_\_\_

By

\_\_\_\_\_  
Name of Registrant

On Behalf of Following Insurance Companies

Name            Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_

Name, Title, Address and telephone number of Individual to Whom Notices and Correspondence Concerning This Statement Should Be Addressed:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ITEM 1.            IDENTITY AND CONTROL OF REGISTRANT**

Furnish the exact name of each insurer registering or being registered (hereinafter called “the Registrant”), the home office address and principal executive offices of each; the date on which each registrant became part of the insurance holding company system; and the method(s) by which control of each registrant was acquired and is maintained.

**ITEM 2.            ORGANIZATIONAL CHART**

Furnish a chart or listing clearly presenting the identities of and interrelationships among all affiliated persons within the insurance holding company system. The chart or listing should show the percentage of each class of voting securities of each affiliate which is owned, directly or indirectly, by another affiliate. If control of any person within the system is maintained other than by the ownership or control of voting securities, indicate the basis of control. As to each person specified in the chart or listing indicate the type of organization (e.g., corporation, trust, partnership) and the state or other jurisdiction of domicile.

**ITEM 3. THE ULTIMATE CONTROLLING PERSON**

As to the ultimate controlling person in the insurance holding company system furnish the following information:

- (a) Name;
- (b) Home office address;
- (c) Principal executive office address;
- (d) The organizational structure of the person, i.e., corporation, partnership, individual, trust, etc.;
- (e) The principal business of the person;
- (f) The name and address of any person who holds or owns 10% or more of any class of voting security, the class of such security, the number of shares held of record or known to be beneficially owned, and the percentage of class so held or owned; and
- (g) If court proceedings involving a reorganization or liquidation are pending, indicate the title and location of the court, the nature of proceedings and the date when commenced.

**ITEM 4. BIOGRAPHICAL INFORMATION**

If the ultimate controlling person is a corporation, an organization, a limited liability company, or other legal entity, furnish the following information for the directors and executive officers of the ultimate controlling person: the individual's name and address, his or her principal occupation and all offices and positions held during the past 5 years, and any conviction of crimes other than minor traffic violations. If the ultimate controlling person is an individual, furnish the individual's name and address, his or her principal occupation and all offices and positions held during the past 5 years, and any conviction of crimes other than minor traffic violations.

**ITEM 5. TRANSACTIONS AND AGREEMENTS**

Briefly describe the following agreements in force, and transactions currently outstanding or which have occurred during the last calendar year between the registrant and its affiliates:

- (a) Loans, other investments, or purchases, sales or exchanges of securities of the affiliates by the Registrant or of the Registrant by its affiliates;
- (b) Purchases, sales or exchanges of assets;
- (c) Transactions not in the ordinary course of business;
- (d) Guarantees or undertakings for the benefit of an affiliate which result in an actual contingent exposure of the Registrant's assets to liability, other than insurance contracts entered into in the ordinary course of the registrant's business;



- (e) All management agreements, service contracts and all cost-sharing arrangements;
- (f) Reinsurance agreements;
- (g) Dividends and other distributions to shareholders;
- (h) Consolidated tax allocation agreements; and
- (i) Any pledge of the registrant's stock and/or of the stock of any subsidiary or controlling affiliate, for a loan made to any member of the insurance holding company system.

No information need be disclosed if such information is not material for purposes of Section 4 of the Act.

Sales, purchases, exchanges, loans or extensions of credit, investments or guarantees involving one-half of 1% or less of the registrant's admitted assets as of the 31st day of December next preceding shall not be deemed material.

**Drafting Note:** Commissioner may by rule, regulation or order provide otherwise.

The description shall be in a manner as to permit the proper evaluation thereof by the Commissioner, and shall include at least the following: the nature and purpose of the transaction, the nature and amounts of any payments or transfers of assets between the parties, the identity of all parties to the transaction, and relationship of the affiliated parties to the registrant.

#### **ITEM 6. LITIGATION OR ADMINISTRATIVE PROCEEDINGS**

A brief description of any litigation or administrative proceedings of the following types, either then pending or concluded within the preceding fiscal year, to which the ultimate controlling person or any of its directors or executive officers was a party or of which the property of any such person is or was the subject; give the names of the parties and the court or agency in which the litigation or proceeding is or was pending:

- (a) Criminal prosecutions or administrative proceedings by any government agency or authority which may be relevant to the trustworthiness of any party thereto; and
- (b) Proceedings which may have a material effect upon the solvency or capital structure of the ultimate holding company including, but not necessarily limited to, bankruptcy, receivership or other corporate reorganizations.

#### **ITEM 7. STATEMENT REGARDING PLAN OR SERIES OF TRANSACTIONS**

The insurer shall furnish a statement that transactions entered into since the filing of the prior year's annual registration statement are not part of a plan or series of like transactions, the purpose of which is to avoid statutory threshold amounts and the review that might otherwise occur.

**ITEM 8. FINANCIAL STATEMENTS AND EXHIBITS**

- (a) Financial statements and exhibits should be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.
- (b) If the ultimate controlling person is a corporation, an organization, a limited liability company, or other legal entity, the financial statements shall include the annual financial statements of the ultimate controlling person in the insurance holding company system as of the end of the person's latest fiscal year.

If at the time of the initial registration, the annual financial statements for the latest fiscal year are not available, annual statements for the previous fiscal year may be filed and similar financial information shall be filed for any subsequent period to the extent such information is available. Such financial statements may be prepared on either an individual basis; or, unless the Commissioner otherwise requires, on a consolidated basis if consolidated statements are prepared in the usual course of business.

Other than with respect to the foregoing, such financial statement shall be filed in a standard form and format adopted by the National Association of Insurance Commissioners, unless an alternative form is accepted by the Commissioner. Documentation and financial statements filed with the Securities and Exchange Commission or audited GAAP financial statements shall be deemed to be an appropriate form and format.

Unless the Commissioner otherwise permits, the annual financial statements shall be accompanied by the certificate of an independent public accountant to the effect that the statements present fairly the financial position of the ultimate controlling person and the results of its operations for the year then ended, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles prescribed or permitted under law. If the ultimate controlling person is an insurer which is actively engaged in the business of insurance, the annual financial statements need not be certified, provided they are based on the Annual Statement of the insurer's domiciliary state and are in accordance with requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of that state.

Any ultimate controlling person who is an individual may file personal financial statements that are reviewed rather than audited by an independent public accountant. The review shall be conducted in accordance with standards for review of personal financial statements published in the *Personal Financial Statements Guide* by the American Institute of Certified Public Accountants. Personal financial statements shall be accompanied by the independent public accountant's Standard Review Report stating that the accountant is not aware of any material modifications that should be made to the financial statements in order for the statements to be in conformity with generally accepted accounting principles.

- (c) Exhibits shall include copies of the latest annual reports to shareholders of the ultimate controlling person and proxy material used by the ultimate controlling person; and any additional documents or papers required by Form B or regulation Sections 4 and 6.

**ITEM 9. FORM C REQUIRED**

A Form C, Summary of Changes to Registration Statement, must be prepared and filed with this Form B.

**ITEM 10. SIGNATURE AND CERTIFICATION**

Signature and certification required as follows:

**SIGNATURE**

Pursuant to the requirements of Section 4 of the Act, Registrant has caused this annual registration statement to be duly signed on its behalf of the City of \_\_\_\_\_ and State of \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

(SEAL) \_\_\_\_\_  
Name of Applicant

BY \_\_\_\_\_  
(Name) (Title)

Attest:

\_\_\_\_\_  
(Signature of Officer)

\_\_\_\_\_  
(Title)

**CERTIFICATION**

The undersigned deposes and says that (s)he has duly executed the attached annual registration statement dated \_\_\_\_\_, 20\_\_\_\_, for and on behalf of \_\_\_\_\_(Name of Applicant); that (s)he is the \_\_\_\_\_(Title of Officer) of such company and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.

(Signature) \_\_\_\_\_

(Type or print name beneath) \_\_\_\_\_

**FORM C**

**SUMMARY OF CHANGES TO REGISTRATION STATEMENT**

Filed with the Insurance Department of the State of \_\_\_\_\_

By

\_\_\_\_\_  
Name of Registrant

On Behalf of Following Insurance Companies

Name            Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_

Name, Title, Address and telephone number of Individual to Whom Notices and Correspondence Concerning This Statement Should Be Addressed:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Furnish a brief description of all items in the current annual registration statement which represent changes from the prior year's annual registration statement. The description shall be in a manner as to permit the proper evaluation thereof by the Commissioner, and shall include specific references to Item numbers in the annual registration statement and to the terms contained therein.

Changes occurring under Item 2 of Form B insofar as changes in the percentage of each class of voting securities held by each affiliate is concerned, need only be included where such changes are ones which result in ownership or holdings of 10% or more of voting securities, loss or transfer of control, or acquisition or loss of partnership interest.

Changes occurring under Item 4 of Form B need only be included where an individual is, for the first time, made a director or executive officer of the ultimate controlling person; a director or executive officer terminates his or her responsibilities with the ultimate controlling person; or in the event an individual is named president of the ultimate controlling person.

If a transaction disclosed on the prior year's annual registration statement has been changed, the nature of such change shall be included. If a transaction disclosed on the prior year's annual registration statement has been effectuated, furnish the mode of completion and any flow of funds between affiliates resulting from the transaction.

The insurer shall furnish a statement that transactions entered into since the filing of the prior year's annual registration statement are not part of a plan or series of like transactions whose purpose it is to avoid statutory threshold amounts and the review that might otherwise occur.

**SIGNATURE AND CERTIFICATION**

Signature and certification required as follows:

Pursuant to the requirements of Section 4 of the Act, Registrant has caused this annual registration statement to be duly signed on its behalf of the City of \_\_\_\_\_ and State of \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

(SEAL) \_\_\_\_\_  
Name of Applicant

BY \_\_\_\_\_  
(Name) (Title)

Attest:

\_\_\_\_\_  
(Signature of Officer)

\_\_\_\_\_  
(Title)

**CERTIFICATION**

The undersigned deposes and says that (s)he has duly executed the attached annual registration statement dated \_\_\_\_\_, 20\_\_\_\_, for and on behalf of \_\_\_\_\_(Name of Applicant); that (s)he is the \_\_\_\_\_(Title of Officer) of such company and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.

(Signature) \_\_\_\_\_

(Type or print name beneath) \_\_\_\_\_

**FORM D**

**PRIOR NOTICE OF A TRANSACTION**

Filed with the Insurance Department of the State of \_\_\_\_\_

By

\_\_\_\_\_  
Name of Registrant

On Behalf of Following Insurance Companies

Name            Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_

Name, Title, Address and telephone number of Individual to Whom Notices and Correspondence Concerning This Statement Should Be Addressed:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ITEM 1.            IDENTITY OF PARTIES TO TRANSACTION**

Furnish the following information for each of the parties to the transaction:

- (a)    Name;
- (b)    Home office address;
- (c)    Principal executive office address;
- (d)    The organizational structure, i.e. corporation, partnership, individual, trust, etc.;
- (e)    A description of the nature of the parties' business operations;

- (f) Relationship, if any, of other parties to the transaction to the insurer filing the notice, including any ownership or debtor/creditor interest by any other parties to the transaction in the insurer seeking approval, or by the insurer filing the notice in the affiliated parties;
- (g) Where the transaction is with a non-affiliate, the name(s) of the affiliate(s) which will receive, in whole or in substantial part, the proceeds of the transaction.

**ITEM 2. DESCRIPTION OF THE TRANSACTION**

Furnish the following information for each transaction for which notice is being given:

- (a) A statement as to whether notice is being given under Section 5A(2)(a), (b), (c), (d), or (e) of the Act;
- (b) A statement of the nature of the transaction;
- (c) A statement of how the transaction meets the 'fair and reasonable' standard of Section 5A(1)(a) of the Act; and
- (d) The proposed effective date of the transaction.

**ITEM 3. SALES, PURCHASES, EXCHANGES, LOANS, EXTENSIONS OF CREDIT, GUARANTEES OR INVESTMENTS**

Furnish a brief description of the amount and source of funds, securities, property or other consideration for the sale, purchase, exchange, loan, extension of credit, guarantee, or investment, whether any provision exists for purchase by the insurer filing notice, by any party to the transaction, or by any affiliate of the insurer filing notice, a description of the terms of any securities being received, if any, and a description of any other agreements relating to the transaction such as contracts or agreements for services, consulting agreements and the like. If the transaction involves other than cash, furnish a description of the consideration, its cost and its fair market value, together with an explanation of the basis for evaluation.

If the transaction involves a loan, extension of credit or a guarantee, furnish a description of the maximum amount which the insurer will be obligated to make available under such loan, extension of credit or guarantee, the date on which the credit or guarantee will terminate, and any provisions for the accrual of or deferral of interest.

If the transaction involves an investment, guarantee or other arrangement, state the time period during which the investment, guarantee or other arrangement will remain in effect, together with any provisions for extensions or renewals of such investments, guarantees or arrangements. Furnish a brief statement as to the effect of the transaction upon the insurer's surplus.

No notice need be given if the maximum amount which can at any time be outstanding or for which the insurer can be legally obligated under the loan, extension of credit or guarantee is less than (a) in the case of non-life insurers, the lesser of 3% of the insurer's admitted assets or 25% of surplus as regards policyholders, or (b) in the case of life insurers, 3% of the insurer's admitted assets, each as of the 31st day of December next preceding.

**ITEM 4. LOANS OR EXTENSIONS OF CREDIT TO A NON-AFFILIATE**

If the transaction involves a loan or extension of credit to any person who is not an affiliate, furnish a brief description of the agreement or understanding whereby the proceeds of the proposed transaction, in whole or in substantial part, are to be used to make loans or extensions of credit to, to purchase the assets of, or to make investments in, any affiliate of the insurer making such loans or extensions of credit, and specify in what manner the proceeds are to be used to loan to, extend credit to, purchase assets of or make investments in any affiliate. Describe the amount and source of funds, securities, property or other consideration for the loan or extension of credit and, if the transaction is one involving consideration other than cash, a description of its cost and its fair market value together with an explanation of the basis for evaluation. Furnish a brief statement as to the effect of the transaction upon the insurer's surplus.

No notice need be given if the loan or extension of credit is one which equals less than, in the case of non-life insurers, the lesser of 3% of the insurer's admitted assets or 25% of surplus as regards policyholders or, with respect to life insurers, 3% of the insurer's admitted assets, each as of the 31st day of December next preceding.

**ITEM 5. REINSURANCE**

If the transaction is a reinsurance agreement or modification thereto, as described by Section 5A(2)(c)(ii) of the Act, or a reinsurance pooling agreement or modification thereto as described by Section 5A(2)(c)(i) of the Act, furnish a description of the known and/or estimated amount of liability to be ceded and/or assumed in each calendar year, the period of time during which the agreement will be in effect, and a statement whether an agreement or understanding exists between the insurer and non-affiliate to the effect that any portion of the assets constituting the consideration for the agreement will be transferred to one or more of the insurer's affiliates. Furnish a brief description of the consideration involved in the transaction, and a brief statement as to the effect of the transaction upon the insurer's surplus.

No notice need be given for reinsurance agreements or modifications thereto if the reinsurance premium or a change in the insurer's liabilities, or the projected reinsurance premium or change in the insurer's liabilities in any of the next three years, in connection with the reinsurance agreement or modification thereto is less than 5% of the insurer's surplus as regards policyholders, as of the 31st day of December next preceding. Notice shall be given for all reinsurance pooling agreements including modifications thereto.

**ITEM 6. MANAGEMENT AGREEMENTS, SERVICE AGREEMENTS AND COST-SHARING ARRANGEMENTS.**

For management and service agreements, furnish:

- (a) A brief description of the managerial responsibilities, or services to be performed;
- (b) A brief description of the agreement, including a statement of its duration, together with brief descriptions of the basis for compensation and the terms under which payment or compensation is to be made.



For cost-sharing arrangements, furnish:

- (a) A brief description of the purpose of the agreement;
- (b) A description of the period of time during which the agreement is to be in effect;
- (c) A brief description of each party's expenses or costs covered by the agreement;
- (d) A brief description of the accounting basis to be used in calculating each party's costs under the agreement;
- (e) A brief statement as to the effect of the transaction upon the insurer's policyholder surplus;
- (f) A statement regarding the cost allocation methods that specifies whether proposed charges are based on "cost or market." If market based, rationale for using market instead of cost, including justification for the company's determination that amounts are fair and reasonable; and
- (g) A statement regarding compliance with the *NAIC Accounting Practices and Procedure Manual* regarding expense allocation.

**ITEM 7. SIGNATURE AND CERTIFICATION**

Signature and certification required as follows:

**SIGNATURE**

Pursuant to the requirements of Section 5 of the Act, \_\_\_\_\_ has caused this application to be duly signed on its behalf in the City of \_\_\_\_\_ and State of \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

(SEAL) \_\_\_\_\_  
Name of Applicant

BY \_\_\_\_\_  
(Name) (Title)

Attest:

\_\_\_\_\_  
(Signature of Officer)

\_\_\_\_\_  
(Title)

Insurance Holding Company System Model Regulation  
with Reporting Forms and Instructions

CERTIFICATION

The undersigned deposes and says that (s)he has duly executed the attached application dated \_\_\_\_\_, 20\_\_\_\_, for and on behalf of \_\_\_\_\_(Name of Applicant); that (s)he is the \_\_\_\_\_(Title of Officer) of such company and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.

(Signature)\_\_\_\_\_

(Type or print name beneath)\_\_\_\_\_

**FORM E**

**PRE-ACQUISITION NOTIFICATION FORM  
REGARDING THE POTENTIAL COMPETITIVE IMPACT  
OF A PROPOSED MERGER OR ACQUISITION BY A  
NON-DOMICILIARY INSURER DOING BUSINESS IN THIS  
STATE OR BY A DOMESTIC INSURER**

\_\_\_\_\_  
Name of Applicant

\_\_\_\_\_  
Name of Other Person  
Involved in Merger or  
Acquisition

Filed with the Insurance Department of

\_\_\_\_\_

Dated: \_\_\_\_\_, 20 \_\_\_\_\_

Name, title, address and telephone number of person completing this statement:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ITEM 1. NAME AND ADDRESS**

State the names and addresses of the persons who hereby provide notice of their involvement in a pending acquisition or change in corporate control.

**ITEM 2. NAME AND ADDRESSES OF AFFILIATED COMPANIES**

State the names and addresses of the persons affiliated with those listed in Item 1. Describe their affiliations.

**ITEM 3. NATURE AND PURPOSE OF THE PROPOSED MERGER OR ACQUISITION**

State the nature and purpose of the proposed merger or acquisition.

**ITEM 4. NATURE OF BUSINESS**

State the nature of the business performed by each of the persons identified in response to Item 1 and Item 2.

**ITEM 5. MARKET AND MARKET SHARE**

State specifically what market and market share in each relevant insurance market the persons identified in Item 1 and Item 2 currently enjoy in this state. Provide historical market and market share data for each person identified in Item 1 and Item 2 for the past five years and identify the source of such data. Provide a determination as to whether the proposed acquisition or merger, if consummated, would violate the competitive standards of the state as stated in Section 3.1D of the Act. If the proposed acquisition or merger would violate competitive standards, provide justification of why the acquisition or merger would not substantially lessen competition or create a monopoly in the state.

For purposes of this question, market means direct written insurance premium in this state for a line of business as contained in the annual statement required to be filed by insurers licensed to do business in this state.

**Drafting Note:** State Insurance Departments may additionally choose to make these calculations using their own data or data provided by the National Association of Insurance Commissioners.

**FORM F**  
**ENTERPRISE RISK REPORT**

Filed with the Insurance Department of the State of \_\_\_\_\_

By

\_\_\_\_\_  
Name of Registrant/Applicant

On Behalf of/Related to Following Insurance Companies

Name            Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_

Name, Title, Address and telephone number of Individual to Whom Notices and Correspondence Concerning This Statement Should Be Addressed:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ITEM 1.        ENTERPRISE RISK**

The Registrant/Applicant, to the best of its knowledge and belief, shall provide information regarding the following areas that could produce enterprise risk as defined in [insert cross reference to definition of Enterprise Risk in Section 1F of the Act], provided such information is not disclosed in the Insurance Holding Company System Annual Registration Statement filed on behalf of itself or another insurer for which it is the ultimate controlling person:

- Any material developments regarding strategy, internal audit findings, compliance or risk management affecting the insurance holding company system;
- Acquisition or disposal of insurance entities and reallocating of existing financial or insurance entities within the insurance holding company system;
- Any changes of shareholders of the insurance holding company system exceeding ten percent (10%) or more of voting securities;

Insurance Holding Company System Model Regulation  
with Reporting Forms and Instructions

- Developments in various investigations, regulatory activities or litigation that may have a significant bearing or impact on the insurance holding company system;
- Business plan of the insurance holding company system and summarized strategies for the next 12 months;
- Identification of material concerns of the insurance holding company system raised by supervisory college, if any, in the last year;
- Identification of insurance holding company system capital resources and material distribution patterns;
- Identification of any negative movement, or discussions with rating agencies which may have caused, or may cause, potential negative movement in the credit ratings and individual insurer financial strength ratings assessment of the insurance holding company system (including both the rating score and outlook);
- Information on corporate or parental guarantees throughout the holding company and the expected source of liquidity should such guarantees be called upon; and
- Identification of any material activity or development of the insurance holding company system that, in the opinion of senior management, could adversely affect the insurance holding company system.

The Registrant/Applicant may attach the appropriate form most recently filed with the U.S. Securities and Exchange Commission, provided the Registrant/Applicant includes specific references to those areas listed in Item 1 for which the form provides responsive information. If the Registrant/Applicant is not domiciled in the U.S., it may attach its most recent public audited financial statement filed in its country of domicile, provided the Registrant/Applicant includes specific references to those areas listed in Item 1 for which the financial statement provides responsive information.

**ITEM 2: OBLIGATION TO REPORT.**

If the Registrant/Applicant has not disclosed any information pursuant to Item 1, the Registrant/Applicant shall include a statement affirming that, to the best of its knowledge and belief, it has not identified enterprise risk subject to disclosure pursuant to Item 1.

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*Chronological Summary of Actions (all references are to the Proceedings of the NAIC).*

*1970 Proc. IIB 1055-1066 (printed).  
1971 Proc. I 54, 58, 134, 149 (adopted).  
1986 Proc. II 12, 19-20, 93-94, 109-123 (amended).  
1993 Proc. 1st Quarter 3, 33, 362, 364-370 (amended).  
2011 Proc. 1<sup>st</sup> Quarter I 3-11 (amended).  
2013 3<sup>rd</sup> Quarter (editorial revision).*

## **INSURANCE HOLDING COMPANY MODEL REGULATION WITH REPORTING FORMS & INSTRUCTIONS**

**This chart is intended to provide readers with additional information to more easily access state statutes, regulations, bulletins or administrative rulings related to the NAIC model. Such guidance provides readers with a starting point from which they may review how each state has addressed the model and the topic being covered. The NAIC Legal Division has reviewed each state's activity in this area and has determined whether the citation most appropriately fits in the Model Adoption column or Related State Activity column based on the definitions listed below. The NAIC's interpretation may or may not be shared by the individual states or by interested readers.**

**This chart does not constitute a formal legal opinion by the NAIC staff on the provisions of state law and should not be relied upon as such. Nor does this state page reflect a determination as to whether a state meets any applicable accreditation standards. Every effort has been made to provide correct and accurate summaries to assist readers in locating useful information. Readers should consult state law for further details and for the most current information.**

**INSURANCE HOLDING COMPANY MODEL REGULATION WITH  
REPORTING FORMS & INSTRUCTIONS**

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**INSURANCE HOLDING COMPANY MODEL REGULATION WITH  
REPORTING FORMS & INSTRUCTIONS**

**KEY:**

**MODEL ADOPTION:** States that have citations identified in this column adopted the most recent version of the NAIC model in a **substantially similar manner**. This requires states to adopt the model in its entirety but does allow for variations in style and format. States that have adopted portions of the current NAIC model will be included in this column with an explanatory note.

**RELATED STATE ACTIVITY:** Examples of Related State Activity include but are not limited to: older versions of the NAIC model, statutes or regulations addressing the same subject matter, or other administrative guidance such as bulletins and notices. States that have citations identified in this column **only** (and nothing listed in the Model Adoption column) have **not** adopted the most recent version of the NAIC model in a **substantially similar manner**.

**NO CURRENT ACTIVITY:** No state activity on the topic as of the date of the most recent update. This includes states that have repealed legislation as well as states that have never adopted legislation.

<b>NAIC MEMBER</b>	<b>MODEL ADOPTION</b>	<b>RELATED STATE ACTIVITY</b>
Alabama	ALA. ADMIN. CODE r.482-1-055-.01 to 482-1-055-.021; Form A to Form F (1974/2015).	
Alaska	ALASKA ADMIN. CODE tit. 3, §§ 21.010 to 21.185 (1977/2015).	
American Samoa	NO CURRENT ACTIVITY	
Arizona	ARIZ. ADMIN. CODE §§ 20-6-1401 to 20-6-1410; Apps. A to G (1993/2015).	
Arkansas	ARK. ADMIN. CODE §§ 054.00.15-1 to 054.00.15-23 (1971/2016).	
California	CAL. CODE REGS. tit. 10, §§ 2683 to 2683.23 (1971/2016).	
Colorado	3 COLO. CODE REGS. § 702-3:3-4-1 (2014).	
Connecticut	CONN. AGENCIES REGS. §§ 38a-138-1 to 38a-138-16 (1993/2013).	BULLETIN FS-28-2014 (2014).

**INSURANCE HOLDING COMPANY MODEL REGULATION WITH  
REPORTING FORMS & INSTRUCTIONS**

<b>NAIC MEMBER</b>	<b>MODEL ADOPTION</b>	<b>RELATED STATE ACTIVITY</b>
Delaware	18 DEL. CODE REGS. §§ 1801-1.0 to 1801-22.0 (1973/2016).	BULLETIN FS-20-2006 (2006).
District of Columbia	D.C. MUN. REGS. tit. 33, §§ 1600 to 1699 (1974/2015).	
Florida	FLA. ADMIN. R. 69O-143.046 (2016).	
Georgia	GA. COMP. R. & REGS. §§ 120-2-23.01 to 120-2-23.21; Form A to Form F (1970/2015).	
Guam	NO CURRENT ACTIVITY	
Hawaii	HAW. CODE R. §§ 16-14-1 to 16-14-10 (1994/2016).	
Idaho	IDAHO ADMIN. CODE r. 18.01.23 (1973/2014).	
Illinois	ILL. ADMIN. CODE tit. 50, § 851 to 855 (1972/2017).	BULLETIN 2015-4 (2015).
Indiana	760 IND. ADMIN. CODE 1-15.1-1 to 1-15.1-15 (2007/2014).	
Iowa	IOWA ADMIN. CODE r. §§ 191-45.1 to 191-45.12 (1970/2015).	
Kansas	KAN. ADMIN. REGS. § 40-1-28 (1976/2015) (portions of model).	
Kentucky	806 KY. ADMIN. REGS. 37:010; Form A to Form F (1992/2015).	

**INSURANCE HOLDING COMPANY MODEL REGULATION WITH  
REPORTING FORMS & INSTRUCTIONS**

<b>NAIC MEMBER</b>	<b>MODEL ADOPTION</b>	<b>RELATED STATE ACTIVITY</b>
Louisiana	LA. ADMIN. CODE tit. 37, §§ XIII.101 to XIII.143 (Reg. 31) (1992/2015).	
Maine	180 ME. CODE R. §§ 1 to 22; Forms A to F (1975/2016).	
Maryland	MD. CODE REGS. 31.04.18.01 to 31.04.18.14 (2016).	BULLETIN 15-15 (2015).
Massachusetts	211 MASS. CODE REGS. §§ 7.01 to 7.15 (1971/2014) (portions of model).	
Michigan	ORDER NO. 15-061-M (2015).	
Minnesota		MINN. R. 2720.0100 to 2720.9940 (1972/1993) (previous version of model).
Mississippi	19-1:20 MISS. CODE R. §§ .01 to Form F (2012/2015).	
Missouri	MO. CODE REGS. ANN. tit. 20, §§ 200-11.101 to 200-11.150 (1992/2016).	
Montana	MONT. ADMIN. R. 6.6.3701 to 6.6.3717 (1993/2016).	
Nebraska	210 NEB. ADMIN. CODE § 24 (1972/2013).	
Nevada	NEV. ADMIN. CODE §§ 692C.010 to 692C.350 (1973/2016).	NEV. REV. STAT. §§ 692C.260 to 692C.400 (1973/1995).

**INSURANCE HOLDING COMPANY MODEL REGULATION WITH  
REPORTING FORMS & INSTRUCTIONS**

<b>NAIC MEMBER</b>	<b>MODEL ADOPTION</b>	<b>RELATED STATE ACTIVITY</b>
New Hampshire	N.H. CODE ADMIN. R. ANN. INS. 1501 to 1501.19; Form A to Form F (2014).	
New Jersey	N.J. ADMIN. CODE §§ 11:1-35.1 to 11:1-35.14 (1993/2016).	NJ Ins Order A15-104 (2015).
New Mexico		N.M. CODE R. §§ 13.2.2.1 to 13.2.2.18 (1997) (previous version of model).
New York	N.Y. COMP. CODES R. & REGS. tit. 11, §§ 80-1.1 to 80-1.9 (1986/2015).	N.Y. COMP. CODES R. & REGS. tit. 11, §§ 81-1.0 to 81-1.3 (1985/2013); Circular Letter 2010-10 (2010).
North Carolina	N.C. GEN. STAT. § 58-19-25 (2016).	11 N.C. ADMIN. CODE §§ 11.0215 to 11.0223 (1993/2007) (previous version of model).
North Dakota	N.D. ADMIN. CODE §§ 45-03-05-01 to 45-03-05-19; Form A to Form F (1982/2016).	
Northern Marianas	NO CURRENT ACTIVITY	
Ohio	OHIO ADMIN. CODE §§ 3901:3-01 to 3901:3-02 (1991/2014) (portions of model).	
Oklahoma	OKLA. ADMIN. CODE § 365:25-7-20 to 365:25-7-31 (1971/2016).	
Oregon	OR. ADMIN. R. 836-027-0001 to 836-027-0180 (1976/2014).	

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<b>NAIC MEMBER</b>	<b>MODEL ADOPTION</b>	<b>RELATED STATE ACTIVITY</b>
Pennsylvania	31 PA. CODE §§ 25.1 to 25 App. A (1982/2014).	
Puerto Rico		P.R. RULE NO. 83 (2010).
Rhode Island	11-5-17 R.I. CODE R. §§ 1 to 25; Forms A to F (1971/2012).	
South Carolina	S.C. CODE ANN. REGS. 69-14 (1969/2015).	
South Dakota	S.D. ADMIN. R. 20:06:09:11 to 20:06:09:47 (1993/2015).	
Tennessee	TENN. COMP. R. & REGS. § 0780-1-67-.01 to 0780-1-67-.21 (1995/2016).	
Texas	28 TEX. ADMIN. CODE §§ 201 to 214 (1976/2013).	
Utah	UTAH ADMIN. CODE r. 590-70 (2017).	
Vermont	4-3-2 VT. CODE R. §§ 0.01 to Form F (1971/2015).	4-6-5 VT. CODE R. §§ 1 to 18 (2012).
Virgin Islands	NO CURRENT ACTIVITY	
Virginia	14 VA. ADMIN. CODE §§ 5-260-10 to 5-260-110 (1980/2015).	
Washington	WASH. ADMIN. CODE 284-18-300 to 284-18-940 (1993/2015).	

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<b>NAIC MEMBER</b>	<b>MODEL ADOPTION</b>	<b>RELATED STATE ACTIVITY</b>
West Virginia	W. VA. CODE R. §§ 114-35-1 to 114-35-20; Apps. A to F (1994/2012).	
Wisconsin	WIS. ADMIN. CODE INS. §§ INS. 40.01 to 40.20; Forms A to AA (1993/2015).	
Wyoming	INS. 45 WYO. CODE R. §§ 1 to 21, Forms A to F (1991/2013).	

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#### Section 1. Authority

At the same time the Holding Company Act was adopted, the committee was already planning for the necessary regulation and model forms. **1969 Proc. II 738.**

The industry advisory committee submitted a draft regulation at the December 1969 meeting. It did not closely resemble the draft actually adopted by the subcommittee six months later. However, the forms developed by the advisory committee met with a high degree of acceptance. **1970 Proc. I 221-233, 1970 Proc. II 1055-1066.**

The Joint Committee adopted the Executive Committee Report and granted a request to amend model regulation #450. This model sets standards for regulating transactions between insurance legal entities and other affiliated entities. It currently represents Part A: Laws and Regulations standard as part of the NAIC Financial Regulation and Accreditation Program. The Part A standard #6 – Holding Company Systems, requires the NAIC Model Insurance Holding Company System Regulatory Act or an act substantially similar. This model is also impacted by the federal Gramm-Leach-Bliley Act of 1999 (GLBA). The Group Solvency Issues Working Group will be proposing changes in line with their charges to study the models' effectiveness in addressing issues that exist within insurer groups, particularly issues identified during this most recent economic downturn. **2009 Proc. 3rd Quarter Vol. I 2-2, 3-2, 4-3, 4-5.**

The advisory committee submitted a draft regulation to the subcommittee soon after adoption of the Insurance Holding Company System Model Act. It served as the basis for the regulation adopted and contained Forms A and B. **1970 Proc. II 1055-1066, 1971 Proc. I 149.**

It was necessary to revise the model regulation and develop additional reporting forms to conform to the revised Holding Company Act. **1986 Proc. I 71.** That was accomplished, and the new regulation adopted, in June of 1986. **1986 Proc. II 93.**

The Group Solvency Issues Working Group examined existing regulatory powers under the Model Regulation regarding efficiency and uniformity of current holding company financial filings. The working group saw the need to access corporate arrangements that can create financial contagions potentially impacting entire financial enterprises, rather than just a single insurer. As such, the Supervisory College Subgroup will prepare language authorizing the use of supervisory colleges, where appropriate, and requiring insurers to pay for attending supervisory colleges part of the examination process. An interested party submitted a letter with suggestions for regulators for the Working Group to review. In addition, the Nebraska DOI submitted a draft of proposed changes to the model regulation. **2009 Proc. 3rd Quarter Vol. I 4-95, 4-97, 4-106, 4-152.**

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**Section 1 (cont.)**

The Group Solvency Issues (EX) Working Group exposed the Insurance Holding Company System Model Regulation (#450) for comment until Jan. 29, 2010. The Working Group discussed a draft memorandum regarding possible enhancements to U.S. group supervision. The memorandum recommends a “windows and walls” approach for the regulation of U.S.-based insurers operating within corporate groups and recommends enhancements to group supervision in the following areas: communication between regulators; supervisory colleges; access to and collection of information; enforcement measures; group capital assessment; and accreditation. The Working Group discussed draft revisions to the Model Regulation along with whether some governance issues should be included. The Working Group also discussed the usage of supervisory colleges. **2009 Proc. 4<sup>th</sup> Quarter Vol. I 4-49, 4-170, 4-213 to 4-218.**

The Group Solvency Issues (EX) Working Group adopted draft revisions to the Model Regulation for advancement to the Financial Condition (E) Committee. **2010 Proc. 2<sup>nd</sup> Quarter Vol. I 4-154.**

A motion was passed to adopt Model #450, as modified on the conference call. It was noted that the NAIC did not intend for the revised Model #450 to be considered for adoption by the Joint Executive/Plenary at the Summer National Meeting. **2010 Proc. 2<sup>nd</sup> Quarter Vol. II 10-64.**

Group Solvency Issues (EX) Working Group discussed Draft Proposal to Financial Regulation Standards and Accreditation (F) Committee on Part A: Insurance Holding Company System Model Regulation (#450). Although the model was not yet formally adopted by the NAIC membership, the Working Group still decided to proceed with obtaining comments in anticipation of its adoption and henceforth released the document for a 60-day comment period, with comments due Dec. 17. **2010 Proc. 3<sup>rd</sup> Quarter Vol. I 4-106**

During a December 16, 2010, conference call, the Joint Executive Committee/Plenary adopted the Model Regulation. A commissioner noted that the proposed amendments are designed to provide a statutory mechanism for improved group supervision in light of regulatory developments around the world to enhance group supervision and NAIC members’ experiences in responding to the financial crisis of 2008. The proposed changes include: the ultimate controlling person of an insurance holding company system would be required to submit a confidential enterprise risk filing; parent companies seeking to divest their interest in an insurance company subsidiary must provide notice to the domestic regulator prior to the divestiture; the insurer’s board of directors will be required to make statements regarding the corporate governance and internal control responsibilities within the registration statement; cost-sharing services and management agreements among affiliated entities will be subject to minimum reporting requirements to eliminate the potential for capital to flow out of the insurer through these types of agreements; regulators will be provided explicit authority to participate in supervisory colleges; confidentiality protections for information shared among regulators and with the NAIC would be enhanced; separating the Enterprise Risk Filing from the Form B; create a new Form F; require the filing of the Form B with the Lead State as determined by the states; add additional confidentiality protections to the Form F and require a written confidentiality agreement with the NAIC; and add conforming amendments to align the model and regulation with the substantive changes. **2011 Proc. 1<sup>st</sup> Quarter Vol. I 3-11.**



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#### Section 1 (cont.)

The Working Group received comments from the Financial Examiners Coordination (E) Working Group in August 2010. Given the priority of completing the Insurance Holding Company System Model Regulation edits, the co-chairs postponed receipt and discussion of the memorandum. A motion was passed to receive the memo. A motion passed to adopt the Working Group's Feb. 24 conference call minutes where it discussed comments received on the draft proposals and amended language to the model regulation. **2011 Proc. 1<sup>st</sup> Quarter Vol. I 4-181.**

Financial Regulation Standards and Accreditation (F) Committee discussed 2010 Revisions to the Model Regulation. A Commissioner said the accreditation process for revisions to model laws is to first expose the revisions and the recommended significant elements for 30 days. Any comments would be discussed at the Summer National Meeting and the Committee would then consider whether the item should be exposed longer. **2011 Proc. 1<sup>st</sup> Quarter Vol. II 11-2.**

Financial Regulation Standards and Accreditation (F) Committee Adopted minutes from a December 14, 2011, conference call. The Committee exposed for one year Proposed Significant Elements Related to 2010 Revisions to the Insurance Holding Company System Model Regulation (#450) beginning Jan. 1, 2012. Revisions to Model #450 were unanimously adopted by the NAIC membership in December of 2010 were originally drafted by the Group Solvency Issues (EX) Working Group. This Working Group recently adopted proposed significant elements for accreditation purposes that were exposed for 30 days at the 2011 Fall National Meeting. As such, F Committee voted to extend the period for one year. **2012 Proc. 1<sup>st</sup> Quarter Vol. II 11-2, 11-5.**

#### Section 2. Purpose

#### Section 3. Severability Clause

Solvency Modernization Initiative (E) Task Force adopted a new charge for the Group Solvency Issues (E) Working Group to address the implementation of recent revisions to Section 3D(3) of the Insurance Holding Company System Regulatory Act (#450) that allow for a consolidated hearing on an acquisition of control in multiple jurisdictions. The new charge is as follows: In collaboration with the National Treatment and Coordination (E) Working Group, develop procedures to implement a consolidated public hearing for acquisitions involving multiple jurisdictions under the NAIC Model Holding Company Act and Regulation **2012 Proc. 1<sup>st</sup> Quarter Vol. I 2-12, 4-44**

#### Section 4. Forms - General Requirements

#### Section 5. Forms - Incorporation by Reference, Summaries and Omissions

#### Section 6. Forms - Information Unknown or Unavailable and Extension of Time to Furnish

#### Section 7. Forms - Additional Information and Exhibits

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#### **Section 8. Definitions**

The Group Solvency Issues (EX) Working Group discussed comments received on draft revisions to model regulation. The group revisited the definition of “group” and “material.” There was a discussion about how to effectively draft the language so that it would apply to “downstream” entities; regulators want to ensure senior management is looking broader than just their immediate company. One commissioner also noted that regulators have to be aware of other players trying to develop an oversight mechanism where all of the regulators are working together to analyze and resolve systemically large companies. **2010 Proc. 1<sup>st</sup> Quarter Vol. I 4-80 to 4-81.**

#### **Section 9. Subsidiaries of Domestic Insurers**

#### **Section 10. Acquisition of Control - Statement Filing**

The second sentence of the section was included in an exposure draft of amendments to the model regulation proposed in 1992. The purpose was to require Form E which was designed to assist insurance regulators in anticipating the potential market impact of proposed mergers and acquisitions. **1993 Proc. IB 1118.**

#### **Section 11. Amendments to Form A**

#### **Section 12. Acquisition of Section 3A(1) Insurers**

#### **Section 13. Pre-Acquisition Notification**

This entire section was added as a result of the charge to the Special Insurance Issues (E) Committee to develop a form. **1993 Proc. IB 1129.**

#### **Section 14. Annual Registration of Insurers - Statement Filing**

#### **Section 15. Summary of Registration - Statement Filing**

#### **Section 16. Amendments to Form B**

#### **Section 17. Alternative and Consolidated Registrations**

#### **Section 18. Disclaimers and Termination of Registration**

#### **Section 19. Transactions Subject to Prior Notice - Notice Filing**

#### **Section 20. Extraordinary Dividends and Other Distributions**

#### **Section 21. Adequacy of Surplus**

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#### Form B

In regard to Form B filings, it was the general feeling of the states that responsibility for review of such filings should be primarily in the financial examination division of the various insurance departments. Most states review filings and amendments as they are made and maintain them as permanent records. Such filings are useful as a research tool to be consulted when certain information is needed or desired. In regard to items which were considered superfluous, those most frequently mentioned were biographicals and articles of incorporation and bylaws of the ultimate controlling party and subsidiaries. **1980 Proc. I 233.**

During an October 11, 2011 Conference Call, the Joint Executive (EX) Committee/Plenary committee adopted the report of the Solvency Modernization Initiative (EX) Task Force which included the a proposal for Financial Condition (E) Committee to review revisions to Model Regulation (#450). The proposal provided that “if sharing confidential information with the NAIC is permitted, appropriate confidentiality protections should be included.” The Group Solvency Issues Working Group discussed about how this language was intended to address the sharing of information with other state regulators, federal and international regulators, and with the NAIC while providing confidentiality protections. The Working Groups continue to discuss topics such as the impact study of principle-based reserving, the newly proposed Own Risk and Solvency Assessment (ORSA), the newly proposed group capital requirements and future actions related to corporate governance. The proposal was referred by the E Committee to the Financial Regulation Standards and Accreditation (F) Committee for consideration. **2011 Proc. 2<sup>nd</sup> Quarter Vol. I 3-2, 3-6, 3-8, 4-91, 4-228.**

Financial Regulation Standards and Accreditation (F) Committee voted to expose for 30 days the 2010 revisions to the Model Regulation #450 for comments. The Joint Executive (EX) Committee and Plenary Committee also voted to expose for a 30-day comment period. The Group Solvency Issues (EX) Working Group received comments on how ORSA requirements may be integrated with 450, particularly through Form B. **2011 Proc. 3<sup>rd</sup> Quarter Vol. I 2-16, 3-7, 4-140.**

Group Solvency Issues (E) Working Group adopted conference call minutes from December 15, 2011. It discussed draft language intended to provide a legal framework for ORSA within Form B and whether it was appropriate to include ORSA within Form B. There was a discussion as to whether Form B is, in fact, confidential. Regulators also examined and considered comment letters from interested parties. The interested parties' primary areas of concern regarding the model regulation were confidentiality, group vs. legal entity, uniformity, flexibility and a uniform effective date. There was also an extended discussion to whether a stand-alone ORSA model is appropriate to fit industry needs. A motion was passed to expose the industry draft stand-alone ORSA model through Jan. 6, 2012. **2012 Proc. 1<sup>st</sup> Quarter Vol. II 10-698, 10-760 Forms C and D.**

Forms C and D were added to the model in 1986. **1986 Proc. II 119-123.**

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#### Form E

The Special Insurance Issues (E) Committee was charged with developing a pre-acquisition notification form which is referenced in the Insurance Holding Company System Model Act, but had never been drafted. A preliminary draft was distributed to the committee of a form intended to assist insurance regulators in anticipating the potential market impact of proposed mergers and acquisitions. **1992 Proc. IIB 896.**

The exposure draft of the form contained a request for information which one commenter said would not illuminate the potential competitive impact, so appeared to impose unnecessary requirements on insurers without furthering the purpose of the form. The item asked for shareholder notices, charters, biographies of intended officers of the merged company, and other documentation. An NAIC staffer suggested that perhaps the requirement was intended to provide the commissioner with discretionary authority to request the additional documents if he or she deemed them necessary. **1993 Proc. IB 1118.**

The draft adopted contained two significant changes from the earlier draft of the form. The item requesting submission of numerous documents was deleted because authority for the commissioner to request them was otherwise provided, and requiring it in the proposed form was unnecessary and unduly burdensome. The second change was deletion of an item asking about markets in other states, because the act intended to request information only about intrastate activities. **1993 Proc. 1st Quarter 362.**

The note after Item Five was added in response to one commissioner's question as to whether or not insurers would have the market data. After talking to NAIC staff, the note was added to clarify possible sources of the information. This also prompted the addition of a requirement for identification of the source of the market data. **1993 Proc. 1st Quarter 364.**

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### Chronological Summary of Actions

*December 1970: Adopted model*

*June 1986: Amended to add new reporting forms and coordinate to changes in Act.*

*June 1993: Added reporting form for pre-acquisition notification.*

*December 2010: Adopted amended model.*