

INSURANCE

DEPARTMENT OF BANKING AND INSURANCE

OFFICE OF SOLVENCY REGULATION

Insurance Company Holding Systems

Proposed New Rules: N.J.A.C. 11:1-35.13 and 11:1-35 Appendix Exhibit F

Proposed Amendments: N.J.A.C. 11:1-35.1 through 35.5, 35.7, 35.9, 35.10, and 11:1-35

Appendix Exhibits A through E

Authorized By: Richard J. Badolato, Acting Commissioner, Department of Banking and Insurance.

Authority: N.J.S.A. 17:1-8.1, 17:1-15.e, and 17:27A-1 et seq.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2016-002.

Submit comments by March 4, 2016, to:

Denise M. Illes, Chief
Legislation and Regulation
Department of Banking and Insurance
20 West State Street
PO Box 325
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The agency proposal follows:

Summary

P.L. 2014, c. 81, enacted December 26, 2014, amends N.J.S.A. 17:27A-1 et seq., which regulates insurance holding company systems in this State. The proposed amendments and new rule conform New Jersey's laws with the amendments to the Model Insurance Holding Company Systems Act adopted by the National Association of Insurance Commissioners (NAIC) in 2010. These amendments and new rule are required for state insurance departments to maintain NAIC accreditation.

The Department of Banking and Insurance (Department) proposes to amend the existing rules implementing N.J.S.A. 17:27A-1 et seq., originally adopted in 1993, to reflect the amendments to the Act referenced above and to conform the rules to the current NAIC Model Insurance Holding Company System Regulation. These amendments and new rule also are required to be adopted for state insurance departments to maintain NAIC accreditation. Implementation of these amendments and new rule will ensure that the Department's regulation of insurance holding company systems in this State is consistent with the national standard as reflected by the NAIC, which all states will be required to implement in order to maintain NAIC accreditation.

A summary of the proposed amendments and new rule follows:

N.J.A.C. 11:1-35.1(a) is proposed to be amended to add a reference to the proposed new enterprise risk reporting required pursuant to N.J.S.A. 17:27A-3.k in the subchapter's scope and purpose statement.

N.J.A.C. 11:1-35.2, the definitions section, is proposed to be amended to add a definition for "enterprise risk" pursuant to N.J.S.A. 17:27A-1.l, and to amend the definition of a "person" to add "limited liability company" in accordance with the amendment made by P.L. 2014, c. 81

to N.J.S.A. 17:27A-1.f. N.J.S.A. 17:27A-1.1 defines “enterprise risk” as any activity, circumstance, event, or series of events involving one or more affiliates of an insurer that, if not remedied promptly, is likely to have a material adverse effect upon the financial condition or liquidity of the insurer or its insurance holding company system as a whole, including, but not limited to, anything that would cause the insurer's Risk-Based Capital to fall into company action level as set forth in administrative rules adopted by the Commissioner which reflect the standards set forth in the Risk-Based Capital For Insurers Model Act adopted by the National Association of Insurance Commissioners or would cause the insurer to be in hazardous financial condition as defined in administrative rules adopted by the Commissioner which reflect the standards set forth in the Model Regulation adopted by the National Association of Insurance Commissioners to define standards and the Commissioner's authority over companies deemed to be in a hazardous financial condition.

N.J.A.C. 11:1-35.3(a) and (b) are proposed to be amended to reflect the new Form F in the NAIC Model related to Enterprise Risk Reports (proposed as new N.J.A.C. 11:1-35 Appendix Exhibit F), which the ultimate controlling person of every insurer subject to registration (Form B filing) must file with their lead state pursuant to N.J.S.A. 17:27A-3.k and which the Commissioner of Banking and Insurance (Commissioner) may require to be filed pursuant to N.J.S.A. 17:27A-2.b(12).

N.J.A.C. 11:1-35.3(b)1, which requires that a copy of Exhibit C be filed in each state in which an insurer is authorized to do business if the Commissioner or other regulatory official of that state has notified the insurer of its request in writing, is proposed to be deleted as this relates to requirements of other states, and is not necessary for this State. All members of an insurance holding company system doing business in multiple states will be subject to the same rules and

copies of Exhibit C (Form C) are available through the NAIC. Accordingly, this requirement is no longer necessary. This proposed change also conforms the rules to the national standard reflected by the NAIC model.

Existing N.J.A.C. 11:1-35.3(b)2 is proposed to be recodified as paragraph (b)1 and to delete the requirement that at least one of the copies of the required forms shall be “manually” signed.

A new N.J.A.C. 11:1-35.3(b)2 is proposed to provide that if an applicant requests a hearing on a consolidated basis pursuant to N.J.S.A. 17:27A-2.d(3), in addition to the filing of Exhibit A with the Commissioner, the applicant shall file a copy of Exhibit A with the NAIC in electronic form in accordance with instructions to be provided on the Department’s website. This reflects the ability to request hearings on a consolidated basis pursuant to the aforementioned statute.

N.J.A.C. 11:1-35.3(c) is proposed to be amended to refer to proposed Exhibit F as set forth above. In addition, the section is proposed to be amended to reflect the current NAIC Model, which provides that Form A statements may also be submitted electronically in accordance with instructions to be provided on the Department’s website. The Department also proposes to revise this section to modify the language to reflect the current NAIC Model and to change the word “photocopy” to “review and reproduction” to reflect current terminology.

Proposed N.J.A.C. 11:1-35.4(a) is proposed to be amended to refer to proposed Exhibit F for the reasons set forth above and to delete the reference to “or paper” as a matter of form.

Proposed N.J.A.C. 11:1-35.5(a) and (b) are proposed to be amended to refer to proposed Exhibit F for the reasons set forth above.

N.J.A.C. 11:1-35.7(b) is proposed to be amended to delete the requirement that insurers file copies of Exhibit C in each state in which the insurer is authorized to do business, if requested by the Commissioner or other regulatory official of that state, for the reasons set forth above.

N.J.A.C. 11:1-35.9 is proposed to be amended to reflect amendments to the disclaimer of affiliation statute at N.J.S.A. 17:27A-3.j. Specifically, the proposed amendments provide that the 30-day deemer time frame only begins to run upon receipt of a complete disclaimer request, and that a hearing can be requested if the disclaimer is disallowed by so requesting in writing to Department within 20 days after issuance of the notification of disallowance.

N.J.A.C. 11:1-35.10 is proposed to be amended to include new subsection (b) to set forth the specific requirements for agreements for cost sharing services and management services. This proposed change implements N.J.S.A. 17:27A-4.a(1)(b), which provides that agreements for cost sharing services and management shall include such provisions as required by rules and regulations adopted by the Commissioner. The proposed requirements reflect the national standard for such agreements set forth in the current NAIC model, and include the following:

1. Identify the person providing the 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 adopted by the NAIC;
4. Prohibit the 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 the books and records of the insurer to include all books and records developed and 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 control is seized by the Commissioner pursuant to N.J.S.A. 17:30C-1 et seq. or 17B:32-31 et seq.:
 - i. All of the rights of the insurer under the agreement extend to the receiver or Commissioner; and
 - ii. 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's 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 N.J.S.A. 17:30C-1 et seq. or 17B:32-31 et seq.; and
13. Specify that the affiliate shall continue to maintain any systems, programs, or other infrastructure notwithstanding a seizure by the Commissioner pursuant to N.J.S.A. 17:30C-

1 et seq. or 17B:32-31 et seq., and will make them available to the receiver, for so long as the affiliate continues to receive timely payment for services rendered.

Existing N.J.A.C. 11:1-35.10(b) is proposed to be recodified as subsection (c) without change.

Proposed new rule N.J.A.C. 11:1-35.13 provides that the ultimate controlling person of an insurer is required to file an Enterprise Risk Report pursuant N.J.S.A. 17:27A-3.k and shall furnish the required information on Exhibit F proposed in the Appendix. The proposed new rule also provides that the enterprise risk reports shall be filed annually on April 1st of each year.

Existing N.J.A.C. 11:1-35.13 will be recodified as N.J.A.C. 11:1-35.14 without change.

Exhibits A through E in the Appendix are proposed to be amended to change the year reference starting with “19” to “20” as a matter of form.

In addition, the following changes are proposed to the Exhibits.

Exhibit A, Item 3, is proposed to be amended to refer to the biographical affidavit, including the third-party background check, to reflect the current standard requirement set forth in the NAIC model biographical form. In addition, the reference to the “Right to Know” law is proposed to be revised to read the “Open Public Records Act,” to refer to the current nomenclature of that Act. This change is also proposed in Item 12 of Exhibit A.

Exhibit A, Item 12 is proposed to be amended to require three-year financial projections of the insurer as part of the financial statements and exhibits included in a Form A filing to reflect the national standard in the current NAIC model.

Item 13 is proposed to be added to Exhibit A to reflect the requirements in the statute that the applicant agrees to provide information required by Exhibit F related to the Enterprise Risk Report as required by N.J.S.A. 17:27A-2.b(12).

Item 14 is proposed to be added to Exhibit A to provide that the applicant agrees that it will provide the annual enterprise risk report, specified in N.J.S.A. 17:27A-3.k, so long as control exists. Applicant also acknowledges that applicant and all subsidiaries within control of the insurance holding company system will provide information to the Commissioner upon request as necessary to evaluate enterprise risk to the insurer and/or entity subject to N.J.S.A. 17:27A-1 et seq. to reflect the requirements in N.J.S.A. 17:27A-2.b(13).

Existing Item 13 in Exhibit A is proposed to be recodified as Item 15.

Exhibit B, Item 4 is proposed to be revised to delineate the information required if the ultimate controlling person is a corporation, organization, limited liability company, or other legal entity, and it provides specific information when the ultimate controlling person is an individual. Language is also proposed to reflect the requirement that information be included regarding corporate governance pursuant to N.J.S.A. 17:27A-3.b(7). In addition, the proposed amendments delete the reference to “during the past ten years” to reflect the current standard in the NAIC model.

Exhibit B, Item 8(b) is proposed to be revised to refer to ultimate controlling persons that are a corporation, organization, limited liability company, or other legal entity. In addition, this provision is proposed to be amended to provide that financial statements shall be filed in a standard form and format adopted by the NAIC, unless an alternative form is accepted by the Commissioner. This proposed amendment also provides that documentation and financial statements filed with the Securities and Exchange Commission or audited GAAP financial statements are deemed to be an appropriate form and format for such statements.

This provision is also proposed to be amended to delete the phrase related to the filing of annual statements of “such insurer filed with the insurance department of” the insurer’s

domiciliary state to reflect current form set forth in the NAIC model. In addition, this provision is proposed to be amended to provide specific requirements related to a controlling person who is an individual and the financial statements required to be filed by such individuals. This provides guidance regarding the type of financial statements required when the person is a corporation or other legal entity as opposed to an individual. All of these changes also are consistent with the national standard adopted by the NAIC and are reflected in the current NAIC model.

A new Item 8(d) is proposed to be added to Exhibit B to provide that upon request of the Department, the financial statements of any and all affiliates within the holding company of the registered insurer shall be provided pursuant to N.J.S.A. 17:27A-3.b(5).

Exhibit B, Item 9 is proposed to be amended to refer to the proposed change in the name of Form C to refer to such form as Summary of “Changes to” Registration Statement to reflect the current NAIC model. The name of Form C in Exhibit C also is proposed to be amended to reflect this change.

Exhibit B is proposed to be amended to add a new Item 10, to require a statement regarding corporate governance, internal controls, and enterprise risk, as required pursuant to N.J.S.A. 17:27A-3.b(7) and 3.k.

Existing Item 10 in Exhibit B is proposed to be recodified as Item 11.

Exhibit D, Item 2(a) is proposed to be amended to add references to the applicable statutes at N.J.S.A. 17:27A-2.a(2)(f) and a(2)(g).

Exhibit D, Item 2(c) is proposed to be added to require that the description of the proposed transaction with affiliates provide a statement of how the transaction meets the fair and reasonable standard required by N.J.S.A. 17:27A-4.a(1)(a). Existing Item 2(c) is proposed to be recodified as Item 2(d) without change.

Exhibit D, Item 4 is proposed to be amended to change the word “duns” to “funds” to correct a typographical error.

Exhibit D, Item 5 is proposed to be amended to reflect the requirements related to notification of transactions involving reinsurance agreements to reflect the current NAIC model and the requirements in N.J.S.A. 17:27A-4.a(2)(c).

Exhibit D, Item 6 is proposed to be amended to revise the heading to reflect the filings of service contracts (rather than service agreements) and tax allocation agreements, as required by N.J.S.A. 17:27A-4. Item 6 is also proposed to be amended to provide filing requirements related to tax allocation agreements.

Exhibit D, Item 6 also is proposed to be amended to add subsections (e) through (g) regarding information to be included as part of notifications of management agreements, service agreements, and cost-sharing arrangements between affiliates to reflect the current standards set forth in the NAIC model. These requirements are as follows: a statement as to the effect of the transaction upon the insurer’s policyholders surplus; a statement regarding the cost allocation methods that specifies whether proposed changes are based on “cost or market” and the rationale for both; and a statement regarding compliance with the NAIC Accounting Practices and Procedures Manual regarding expense allocation.

Items 7 and 8 are proposed to be added to Exhibit D to reflect the new requirements in N.J.S.A. 17:27A-2.a(2)(e) and (f) that require prior notice and non-disapproval of affiliate transactions related to guarantees made by a domestic insurer and direct or indirect acquisitions or investments in a person who controls the insurer or affiliate.

Existing Item 7 in Exhibit D is proposed to be recodified as Item 9.

Exhibit E, Item 5 is proposed to be amended to require that, in addition to providing the market and market share in each relevant market of the persons involved in a transaction, the filer shall also provide a determination of whether the proposed acquisition or merger, if consummated, would violate the competitive standards of this State as set forth in N.J.S.A. 17:27A-4.1. If such transaction would violate the competitive standards, the filer shall provide justification as to why the acquisition or merger would not substantially lessen competition or create a monopoly in this State.

Finally, the Department proposes to set forth the form for the filing of an Enterprise Risk Report required to be filed pursuant to N.J.S.A. 17:27A-3k in a new Exhibit F.

A 60-day comment period is provided for this notice of proposal and, therefore, pursuant to N.J.A.C. 1:30-3.3(a)5, the proposal is not subject to the provisions of N.J.A.C. 1:30-3.1 and 3.2 governing rulemaking calendars.

Social Impact

The proposed new rules and amendments implement N.J.S.A. 17:27A-1 et seq. as amended by P.L. 2014, c. 81, and reflect the current NAIC model insurance holding company regulation. The proposed new rules and amendments, therefore, reflect the national standard for the filing of documents required by insurers that are members of an insurance holding company system and persons seeking to acquire control of a New Jersey domestic insurer. Adopting these standards will help ensure uniformity in the application of the standards governing insurance holding company systems with other states, and help avoid confusion and unnecessary duplication in filing documents related thereto.

Economic Impact

As noted above, the proposed new rules and amendments implement newly amended N.J.S.A. 17:27A-1 et seq. and conform New Jersey's rules governing insurance holding company systems to the national standard adopted by the NAIC, required to be adopted by all states in order for such state to maintain accreditation by the NAIC. Insurers and persons seeking to acquire control of a New Jersey domestic insurer will be required to bear any costs associated with filing the information required under the proposed new rules and amendments. The information required to be filed reflects information that filers should have available in the normal course of business or as otherwise required to be filed pursuant to statute. In addition, the proposed amendments clarify filing requirements when the filer is a corporation or legal entity as opposed to an individual to avoid confusion regarding such filings. For these reasons, the Department believes that the proposed new rules and amendments should impose little additional cost on insurers and other persons required to make filings under the rules. The professional services required will be the same as those currently required, which include financial and legal services. Filers should currently have such services in-house or contracted for such services in the normal course of business. By adopting these standards, the Department will ensure uniformity with the requirements of other states in the nation and satisfy requirements necessary for NAIC accreditation. Accordingly, the benefits to be achieved by adopting the proposed new rule and amendments outweigh any additional costs associated therewith.

Federal Standards Statement

A Federal standards analysis is not required because the proposed new rules and amendments are not subject to any Federal requirements or standards.

Jobs Impact

The Department does not anticipate that any jobs will be generated or lost as a result of the proposed new rules and amendments.

The Department invites commenters to submit any data or studies on the potential jobs impact of the proposed new rules and amendments together with their comments on other aspects of the proposal.

Agriculture Industry Impact

The proposed new rules and amendments will not have any impact on the agriculture industry in New Jersey.

Regulatory Flexibility Analysis

The proposed new rules and amendments will impose reporting, recordkeeping, and compliance requirements on “small businesses” as that term is defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. To the extent the proposed new rules and amendments will apply to small businesses, they will apply to domestic insurers that are members of an insurance holding company system or other entities resident of this State that are required to make filings under N.J.S.A. 17:27A-1 et seq. and these proposed new rules and amendments. As noted in the Economic Impact above, such entities will be required to bear any costs associated with making filings under the proposed new rules and amendments. However, as also noted above, the proposed new rules and amendments implement the amendments to N.J.S.A.17:27A-1 et seq. and reflect the filing requirements set forth in the current NAIC model

regulation, the adoption of which is required for states to maintain NAIC accreditation. The costs and professional services required are set forth in the Economic Impact above and it is not anticipated that additional services will be required. The proposed new rules and amendments do not provide differentiation in compliance requirements specifically based on business size. The requirements in the proposed new rules and amendments, as is the case in the existing rules, set forth filing requirements for persons seeking to acquire control of a New Jersey domestic insurer, as well as the requirements governing the operation and transactions within an insurance holding company system. The purpose of these requirements is to help ensure that persons seeking to acquire control of a New Jersey domestic insurer, as well as the transactions within an insurance holding company system, do not threaten the financial solvency of the New Jersey domestic insurer and thereby threaten the ability of such insurer to pay its obligations to policyholders when due. As such, these standards appropriately do not vary based on business size.

Housing Affordability Impact Analysis

The proposed new rules and amendments will not have an impact on housing affordability in this State in that the proposed new rules and amendments relate to the regulation of insurance holding company systems.

Smart Growth Development Impact Analysis

The proposed new rules and amendments will not have an impact on smart growth in this State and there is an extreme unlikelihood that the proposed new rule and amendments would evoke a change in housing production in Planning Areas 1 or 2, or within designated centers,

under the State Development and Redevelopment Plan in New Jersey in that the proposed new rules and amendments relate to the regulation of insurance holding company systems.

Full text of the proposal follows (additions indicated in boldface **thus**, except in N.J.A.C. 11:1-35 Appendix, where additions indicated in boldface italics *thus*; deletions indicated in brackets [thus]):

SUBCHAPTER 35. INSURANCE HOLDING COMPANY SYSTEMS

11:1-35.1 Purpose and scope

(a) The purpose of this subchapter is to set forth filing and procedural requirements governing the filing of required information with respect to the acquisition of control of, or merger with, a domestic insurer, and registration, [and] notification, **and enterprise risk reporting** requirements for insurers which are members of an insurance holding company system, pursuant to N.J.S.A. 17:27A-1 et seq.

(b) (No change.)

11:1-35.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

...

“Enterprise risk” is as defined at N.J.S.A. 17:27A-1.1.

...

“Person” means an individual, a corporation, a **limited liability company**, a partnership, an association, a joint stock company, a trust, an unincorporated organization, any similar entity, or any combination of the foregoing acting in concert.

...

11:1-35.3 Forms; general requirements

(a) All statements required to be filed pursuant to N.J.S.A. 17:27A-2, 17:27A-3, 17:27A-4, and 17:27A-4.1 shall be submitted in accordance with the forms set forth at Exhibits A, B, C, D, [and] E, **and F** in the Appendix, incorporated herein by reference, as applicable. The forms shall be considered 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) Three complete copies of each Exhibit A statement, and one copy of each Exhibit B, C, D, [and] E, **and F**, 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:

Holding Company Submissions

Office of Solvency Regulation

New Jersey Department of Banking and Insurance

20 West State Street

PO Box 325

Trenton, NJ 08625-0325

[1. A copy of Exhibit C shall be filed in each state in which an insurer is authorized to do business, if the commissioner or other regulatory official of that state has notified the insurer of its request in writing, in which case the insurer shall file such forms within 30 days of receipt of the notice.]

[2.] **1.** At least one of the copies shall be [manually] 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.

2. If an applicant requests a hearing on a consolidated basis pursuant to N.J.S.A. 17:27A-2.d(3), in addition to filing Exhibit A with the Commissioner, the applicant shall file a copy of Exhibit A with the National Association of Insurance Commissioners in electronic form, in accordance with the NAIC's instructions which shall be posted on the Department's website, www.state.nj.us/dobi/.

(c) Statements and information required pursuant to Exhibit A shall be in loose-leaf form inserted into standard two-ring or three-ring binders. The loose-leaf sheets used shall be eight and one-half inches wide and 11 inches long and punched for two-ring and three-ring binders as appropriate. In the case of information required pursuant to Exhibits A, B, C, D, [or] E, **or F**, exhibits and financial statements, unless specifically prepared for the filing, may be submitted in their original size. **Statements may also be submitted electronically in accordance with the instructions which shall be posted on the Department's website, www.state.nj.us/dobi/.** All [copies of any statement, financial] statements[, or exhibits] shall be clear, easily readable, and suitable for [photocopying] **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] **reproductions**. 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 shall be converted into United States currency.

11:1-35.4 Forms; incorporation by reference, summaries, and omissions

(a) Information required pursuant to any item set forth in Exhibits A, B, D, [or] E, **or F** may be incorporated by reference in an 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 the answer or partial answer to any item of Exhibits A, B, D, [or] E, **or F** provided such document [or paper] is filed as an appendix or exhibit to the appropriate Exhibit A, B, D, [or] E, **or F**. Matter shall not be incorporated by reference in any case where such incorporation would render the statement incomplete, unclear, or confusing.

(b) (No change.)

11:1-35.5 Forms, additional information, and exhibits

(a) In addition to the information expressly required to be included in Exhibits A, B, C, D, [and] E, **and F**, the person making the filing shall include such further material information, if any, as may be necessary to make the information contained therein not

misleading, as well as any additional information the Commissioner may specifically request from a particular filer.

(b) The person making the filing may also file such exhibits as it may desire in addition to those expressly required by the statement. Such exhibits shall be so marked as to indicate clearly the subject matters to which they refer. Changes to Exhibits A, B, C, D, [and] E, **and 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 rather than the date of the original filing.

11:1-35.7 Annual registration of insurers

(a) (No change.)

(b) An insurer required to file an annual registration statement pursuant to N.J.S.A. 17:27A-3 also shall furnish information set forth on Exhibit C. [The insurer shall file a copy of Exhibit C in each state in which the insurer is authorized to do business, if requested by the Commissioner or other regulatory official of that state.]

(c) (No change.)

11:1-35.9 Disclaimers and termination of registration

(a) (No change.)

(b) **Other than when filed as a part of a transaction subject to review pursuant to N.J.S.A. 17:27A-2, [A] a disclaimer of affiliation or a request for termination of registration shall be deemed to have been granted unless the Commissioner, within 30 days after receipt of [the] a complete disclaimer or request, notifies the [registrant] requestor otherwise.**

(c) **In the event of disallowance, the disclaiming party may request a hearing by requesting same in writing, within 20 days of the notice of disallowance.**

11:1-35.10 Transactions subject to prior notice

(a) (No change.)

(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 adopted by the NAIC, with which insurers shall comply pursuant to N.J.S.A. 17:23-1, 17:46B-55, and 17B:21-1;**

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 the 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 control is seized by the Commissioner pursuant to N.J.S.A. 17:30C-1 et seq. or 17B:32-31 et seq.:

i. All of the rights of the insurer under the agreement extend to the receiver or Commissioner; and

ii. 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's 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 N.J.S.A. 17:30C-1 et seq. or 17B:32-31 et seq.; and

13. Specify that the affiliate shall continue to maintain any systems, programs, or other infrastructure notwithstanding a seizure by the Commissioner pursuant to N.J.S.A. 17:30C-1 et seq. or 17B:32-31 et seq., and will make them available to the receiver, for so long as the affiliate continues to receive timely payment for services rendered.

[(b)] (c) (No change in text.)

11:1-35.13 Enterprise risk report

The ultimate controlling person of an insurer required to file an enterprise risk report pursuant to N.J.S.A. 17:27A-3.k shall furnish the required information on Exhibit F in the Appendix, incorporated herein by reference and made a part hereof, annually on April 1st of each year.

11:1-[35.13]35.14 (No change in text.)

APPENDIX

EXHIBIT A

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 the State of NEW JERSEY

Dated: _____, [19]20__

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

ITEMS 1. and 2. (No change.)

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

[State] *On the biographical affidavit, include third-party background check, and state* the following with respect to (1) the applicant if (s)he is an individual; (2) all persons who are directors, executive officers or owners of 10 percent or more of the voting securities of the applicant if the applicant is not an individual; (3) all general partners of the applicant if the applicant is a limited partnership; or (4) all members of the applicant if the applicant is a limited liability company.

(a)-(c) (No change.)

(d) Whether or not such person has ever been convicted in a criminal proceeding (excluding minor traffic violations) during the last ten years and, if so, give the date, nature of conviction, name and location of court, and penalty or other disposition of the case.

The information set forth above shall be submitted in the form of the biographical affidavit adopted by the National Association of Insurance Commissioners. However, the applicant may file for the public record as part of the Form A statement a biographical affidavit

excluding the individual's Social Security number and residence addresses, provided that a complete biographical affidavit is filed with the Department that contains the individual's Social Security number and residence addresses for the Department's review. When a biographical affidavit excluding the individual's Social Security number and residence address is filed, the complete biographical affidavit also filed shall not be deemed part of the public record, and shall be confidential and not subject to public inspection or copying pursuant to the ["Right to Know" law] *Open Public Records Act*, N.J.S.A. 47:1A-1 et seq.

ITEMS 4. through 11. (No change.)

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements and 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) (including trusts, partnerships or corporations) for the preceding five 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 such information is available. Such statements may be prepared on either an individual basis, or, unless the Commissioner otherwise requires, on a consolidated basis if such 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. In the case of annual statements for individuals, in lieu of an annual statement certified by an independent certified public accountant, the Commissioner may accept annual statements for individuals that conform with the Institute of Certified Public Accountants Guidelines for Financial Compilation, or such similar guidelines acceptable to the Commissioner.

Financial statements for individuals shall consist of: (1) a balance sheet showing the status of the individual's assets and liabilities and equity (net worth) as of year end for each of the preceding five years; and (2) a statement of income or statement of revenue and expenses for the same period. The statements shall include the total assets and total liabilities, and shall accurately reflect the net income, of the individual for each of the preceding five years. Financial statements of individuals shall be confidential and not subject to public inspection or copying pursuant to the ["Right to Know" law] *Open Public Records Act*, N.J.S.A. 47:1A-1 et seq., shall not be subject to subpoena, and shall not be made public by the Commissioner or any other person without the prior written consent of the individual, except pursuant to an order of a court of competent jurisdiction. The Department shall promptly notify any person affected thereby of the application for such an order.

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 such 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 such state.

(c) (No change.)

ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

Applicant agrees to provide, to the best of its knowledge and belief, the information required by Exhibit F in the Appendix, incorporated herein by reference, within 15 days after the end of the month in which the acquisition of control occurs.

ITEM 14. ACKNOWLEDGEMENT OF PROVISION OF ENTERPRISE RISK INFORMATION

Applicant agrees that it will provide the annual enterprise risk report, specified in N.J.S.A. 17:27A-3.k, so long as control exists. Applicant also acknowledges that applicant and all subsidiaries within control of the insurance holding company system will provide information to the Commissioner upon request as necessary to evaluate enterprise risk to the insurer and/or entity subject to N.J.S.A. 17:27A-1 et seq.

ITEM [13.] 15. SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

SIGNATURE

EXHIBIT B

FORM B

INSURANCE HOLDING COMPANY SYSTEM

ANNUAL REGISTRATION STATEMENT

Filed with the Insurance Department of the State of NEW JERSEY

By

Name of Registrant

On Behalf of Following Insurance Companies

Name

Address

Date: _____, [19]20__

Name, Title, Address and Telephone Number of Individual to Whom Notices and Correspondence Concerning this Statement Should be Addressed:

ITEMS 1. through 3. (No change.)

ITEM 4. BIOGRAPHICAL INFORMATION

[Furnish] *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 five years, and any conviction of crimes other than minor traffic violations [during the past ten years]. *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 five years, and any conviction of crimes other than minor traffic violations.*

Include a statement that the insurer's board of directors is responsible for and oversees corporate governance and internal controls and that the insurer's officers or senior management have approved, implemented, and continue to maintain and monitor corporate governance and internal control procedures.

ITEMS 5. through 7. (No change.)

ITEM 8. FINANCIAL STATEMENTS AND EXHIBITS

(a) (No change.)

(b) [The] *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 such 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 for such statements.

Unless the Commissioner otherwise permits, the annual financial statements shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial position of the ultimate controlling person and the results of its operations for the year 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 [such insurer filed with the insurance department 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 such 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) (No change.)

(d) *Upon request of the Department, the financial statements of any and all affiliates within an insurance holding company of the registered insurer shall be provided pursuant to N.J.S.A. 17:27A-3.b(5).*

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. STATEMENT REGARDING CORPORATE GOVERNANCE, INTERNAL CONTROLS, AND ENTERPRISE RISK

The insurer shall furnish a statement that the insurer's board of directors is responsible for and oversees corporate governance and internal controls and that the insurer's officers or senior management have approved, implemented and continue to maintain and monitor corporate governance and internal control procedures. The insurer shall also furnish a statement that the ultimate controlling person of the insurer has simultaneously filed an

Enterprise Risk Report with its lead state Commissioner, if applicable, and identify the lead state.

ITEM [10.] 11. SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

SIGNATURE

Pursuant to the requirements of N.J.S.A. 17:27A-3, the Registrant has caused this annual registration statement to be duly signed on its behalf in the City of _____ and State of _____ on the _____ day of _____, [19]20____

(SEAL) _____
Name of Registrant

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 _____, [19]20_____, for and on behalf

of _____; that (s)he is the _____ of such company
(Name of Company) (Title of Officer)

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) _____

EXHIBIT C

FORM C

SUMMARY OF *CHANGES TO* REGISTRATION STATEMENT

Filed with the Insurance Department of the State of NEW JERSEY

By

Name of Registrant

On Behalf of Following Insurance Companies

Name

Address

_____	_____
_____	_____
_____	_____
_____	_____

Date: _____, [19]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 reference 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 of holdings of 10 percent 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:

SIGNATURE

Pursuant to the requirements of N.J.S.A. 17:27A-3, the Registrant has caused this summary of registration statement to be duly signed on its behalf in the City of _____ and State of _____ on the _____ day of _____, [19]20__

(SEAL) _____
Name of Registrant

BY _____
(Name) (Title)

Attest:

(Signature of Officer)

(Title)

CERTIFICATION

The undersigned deposes and says that (s)he has duly executed the attached summary of registration statement dated _____, [19]20__, for and on behalf of _____; that (s)he is the _____ of such company

(Name of Company)

(Title of Officer)

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) _____

EXHIBIT D
FORM D
PRIOR NOTICE OF A TRANSACTION

Filed with the Insurance Department
of the State of NEW JERSEY

By

Name of Registrant

On Behalf of Following Insurance Companies

Name Address

Date: _____, [19]20__

Name, Title, Address and Telephone Number of Individual to Whom Notices and Correspondence Concerning This Statement Should be Addressed:

ITEM 1. (No change.)

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 pursuant to N.J.S.A. 17:27A-4.a(2)(a), a(2)(b), a(2)(c), a(2)(d), [or] a(2)(e), *a(2)(f), or a(2)(g)*.

(b) (No change.)

(c) *A statement of how the transaction meets the “fair and reasonable” standard of N.J.S.A. 17:27A-4.a(1)(a).*

[(c)] (d) (No change in text.)

ITEM 3. (No change.)

ITEM 4. LOANS OR EXTENSIONS OF CREDIT TO A NONAFFILIATE

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 [duns] *assets*, 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 percent of the insurer's admitted assets or 25 percent of surplus as regards policyholders or, with respect to life insurers, 3 percent 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 *reinsurance pooling agreement*, or modification thereto, as described in N.J.S.A. 17:27A-4.a(2)(c)(i) or (ii), 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 percent 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] CONTRACTS, TAX ALLOCATION AGREEMENTS, AND COST-SHARING ARRANGEMENTS

For management and service [agreements] *contracts*, 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 tax allocation agreements, furnish:

- (a) *A brief description of the tax allocation agreement, including identification of the affiliates that are party to the agreement, an explanation of the tax effects on the holding company as a whole and each affiliate party, and the duration of the agreement.*

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, the rationale for using market instead of cost, including justification for the company's determination that amounts are fair and reasonable.*

(g) *A statement regarding compliance with the NAIC Accounting Practices and Procedure Manual regarding expense allocation.*

ITEM 7. GUARANTEES WHEN MADE BY A DOMESTIC INSURER

If a guarantee is being provided to an affiliate within a holding company system by a domestic insurer that meets either of the following:

(a) Exceeds the lesser of one-half of one percent (.5 percent) of the insurer's admitted assets or ten percent (10 percent) of surplus as regards policyholders as of the 31st day of December next preceding; or

(b) Is not quantifiable as to amount;

then the domestic insurer shall furnish:

- (i) A brief statement describing the guarantee, including a quantification of the amount if calculable;*
- (ii) A description of what specific circumstances can trigger payment under the guarantee;*
- (iii) An explanation of the affiliate's purpose and/or need for the guarantee;*
- (iv) Identification of the length of the guarantee and how it can be terminated; and*
- (v) Any other pertinent information.*

ITEM 8. DIRECT OR INDIRECT ACQUISITION OR INVESTMENTS

If a direct or indirect acquisition or investment in a person that controls the insurer or in an affiliate of the insurer in an amount which, together with the acquiring party's present holdings in such investments, exceeds two and one-half percent (2.5 percent) of the insurer's surplus to policyholders, then the insurer shall furnish:

- (a) A statement describing the acquisition, including:*
 - (i) The nature of the acquisition/investment;*
 - (ii) The party being acquired/invested in;*
 - (iii) The acquiring party;*
 - (iv) The nature and amount of consideration for the acquisition/investment; and*
 - (v) Any other information required by the Department.*

This requirement shall not apply if the acquisition/investment is subject to the requirements of N.J.S.A. 17:27A-2.

ITEM [7.] 9. SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

SIGNATURE

Pursuant to the requirements of N.J.S.A. 17:27A-4, _____ has caused this notice to be duly signed on its behalf in the City of _____ and State of _____ on the _____ day of _____, [19]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 notice dated _____, [19]20__, for and on behalf of _____;

(Name of Company)
that (s)he is the _____ of such company and that (s)he is
(Title of Officer)

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) _____

EXHIBIT E

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: _____, [19]20__

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

ITEMS 1. through 4. (No change.)

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 N.J.S.A. 17:27A-4.1. 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 purpose 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.

EXHIBIT F

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 N.J.S.A.

17:27A-1.1, 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:

(a) Any material developments regarding strategy, internal audit findings, compliance or risk management affecting the insurance holding company system;

(b) Acquisition or disposal of insurance entities and reallocating of existing financial or insurance entities within the insurance holding company system;

(c) Any changes of shareholders of the insurance holding company system exceeding 10 percent or more of voting securities;

(d) Developments in various investigations, regulatory activities or litigation that may have a significant bearing or impact on the insurance holding company system;

(e) Business plan of the insurance holding company system and summarized strategies for next 12 months;

(f) Identification of material concerns of the insurance holding company system raised by supervisory college, if any, in last year;

(g) Identification of insurance holding company system capital resources and material distribution patterns;

(h) 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);

(i) Information on corporate or parental guarantees throughout the holding company and the expected source of liquidity should such guarantees be called upon; and

(j) *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 United States, 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.