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###### Non-Lead State Holding Company System Analysis Procedures

Refer to section VI.C. Group-Wide Supervision - Insurance Holding Company System Analysis Guidance (Lead State) for guidance on the Lead State’s holding company analysis procedures.

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***Procedures #5-17*** assist the analyst in assessing the impact of the holding company system on the domestic insurer. This includes five primary segments of the analysis as follows.

* ***#5-10*** Assessment of the Group Profile Summary (GPS) from the Lead State: If the Lead State is not your state, the Lead State should provide a GPS to the non-lead states in the group by Oct. 31. Using the GPS consider the risks identified and assessed by the Lead State to determine any material impacts on the branded risks of the domestic insurer, the interdependence of the holding company and its affiliated entities, including the domestic insurer, dividend obligations of the domestic insurer to service holding company debt or fund other holding company initiatives, and the holding company’s reputation.
* ***#11*** Assessment of Form B (and C): Model #440 defines insurance holding companies and the related registration, disclosure, and approval requirements. Form B is the insurance holding company system annual registration statement. Model #440 requires every insurer, which is a member of an insurance holding company system, to register by filing a Form B within 15 days after it becomes subject to registration, and annually thereafter. Any non-domiciliary state may require any insurer that is authorized to do business in the state, which is a member of a holding company system, and which is not subject to registration in its state of domicile, to furnish a copy of the registration statement.

An insurance holding company system consists of two or more affiliated individuals, one or more of which is an insurer. An affiliate is an entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, another entity. Control is presumed to exist when an entity or person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies, representing 10 percent or more of the voting securities.

* ***#12-13*** Assessment of Affiliated Risks on the Domestic Insurer: Affiliated risks may exist due to interdependence of the holding company and its affiliated entities through affiliated transactions. Consider also the guidance included in the Operational Risk Analyst Reference Guide as well as guidance in this section regarding supplemental form filings for review of affiliated agreements.
* ***#14-16*** Assessment of Form F – Enterprise Risk Statement: The purpose of the Form F is to identify if there is any contagion risk within the group, and domestic states should not be discouraged from reviewing such information because ultimately they are required to relate the financial condition of the group to their domestic state. The Form F must be reviewed by the lead state but other domestic states are also expected to review it. To the extent the Lead State’s analysis of Form F assesses the impact of any contagion risk of the group on the non-lead state’s domestic insurer, that analysis may be leveraged by the non-lead state to reduce the analysis work of the non-lead state. If the Lead State’s analysis of Form F does not assess the impact of the group on the non-lead state’s domestic insurer, consider a review as noted in Procedures #15 and #16, or similar to the procedures in section VI.G. Group-Wide Supervision - Form F - Enterprise Risk Report Procedures for reviewing Form F.
* ***#17-18*** Assessment of Own Risk and Solvency Assessment (ORSA): If the Holding Company files an ORSA Summary Report, it is the responsibility of the Lead State to review and perform analysis of the report. At the completion of this review, the lead state should prepare a thorough summary of its review, which would include an initial assessment of each of the three sections. The lead state should also consider and include key information to share with other domestic states that are expected to place significant reliance on the lead state’s review. Non-lead states are not expected to perform an in-depth review of the ORSA, but instead rely on the review completed by the lead state. The non-lead state’s review of an ORSA should be performed only for the purpose of having a general understanding of the work performed by the lead state, and to understand the risks identified and monitored at the group-level so the non-lead state may better monitor and communicate to the lead state when its legal entity could affect the group. Any concerns or questions related to information in the ORSA or group risks should be directed to the lead state.
* ***#19-21*** Assessment of Corporate Governance Annual Disclosure (CGAD): Analysis of CGAD only applies where states have enacted such legislation as that in the *Corporate Governance Annual Disclosure Model Act* (#305) and *Corporate Governance Annual Disclosure Model Regulation* (#306). The purpose of the CGAD is to provide a summary of an insurer or insurance group’s corporate governance structure, policies and practices to permit the regulator to gain and maintain an understanding of the insurer’s corporate governance framework. The CGAD must be filed to the lead state if on a group basis or the domestic state if on a legal entity basis, but other domestic states are may request the filing. To the extent the Lead State’s analysis of a group CGAD assesses the impact of corporate governance practices and procedures of the group on the non-lead state’s domestic insurer, that analysis may be leveraged by the non-lead state to reduce the analysis work of the non-lead state. If the Lead State’s analysis of CGAD does not assess the impact of the group on the non-lead state’s domestic insurer, review the filing to identify and assess any material concerns and determine if any material immediate risks impact the domestic insurer’s financial condition.

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