**Special Notes: The following procedures are intended to be performed by non-lead domestic states to develop and document an analysis of the impact of the holding company system on the domestic insurer.**

**Form procedures do not supersede state regulation, but are merely additional guidance an analyst may consider useful.**

**Name of Holding Company System \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Name of Lead State \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Compliance Assessment - Form B (and C)**

Review the registration statement to determine if it was filed in accordance with the state’s Insurance Holding Company System Regulatory Act*[[1]](#footnote-1)* and if it included the required current information. The information provided should include a description of the transaction or agreement, including, at least, 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 the relationship of the affiliated parties to the registrant. (LG)

2. Did domiciled registered insurers properly report dividends and other distributions to shareholders in accordance with the following Model #440 requirements? (LG)

3. If dividends and other distributions to shareholders were considered extraordinary, did the transaction receive proper regulatory approval? (LG)

4. Did the insurer receive proper prior regulatory approval for any transaction, which occurred during the last calendar year involving the insurer and others in its holding company system that required such prior regulatory approval? (LG)

**Assess the Impact of the Holding Company Group on the Domestic Insurer**

**Assessment of Group Profile Summary from the Lead State**

1. Obtain a copy of the lead state’s Group Profile Summary (GPS).
2. Consider the GPS’s branded risk assessment in determining the impact of the holding company on the domestic insurer.
3. Review the conclusion and supervisory plan of the GPS. Did the lead state identify any holding company risks impacting the domestic insurers’ in the group and/or supervisory plans that impact your state’s domestic insurer?
4. Consider the nature of the domestic insurer(s)’ interdependence on the holding company group or affiliated entities for business operations or financial stability (e.g., employees, services provided, reinsurance and/or capital support in the near term). (OP, CR, ST)
5. Consider the level of reputational risk that the holding company (as a group) poses to the domestic insurer(s). (RP)
6. Determine if income of the domestic insurer(s) is being used to service holding company debt or other corporate initiatives (e.g., acquisitions). (OP, ST)

**Assessment of Form B (and C)**

11. Based upon a review of the registration statement, were any significant and/or unusual items noted, such as, but not limited to, the following?

a. Person(s) holding 10% or more of any class of voting security who also have a history of transacting business of any kind directly or indirectly with the insurer. (OP, ST)

b. Biographical information about directors or officers, which may elevate concerns such as convictions of crimes. (OP, ST)

c. Any litigation or administrative proceeding involving the ultimate controlling entity or any of its directors and officers, such as criminal prosecutions or proceedings which may have a material effect upon the solvency or capital structure of the ultimate holding company, such as bankruptcy, receivership, or other corporate reorganization. (LG)

d. The absence of an affirmative 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 to avoid statutory threshold amounts. (OP, ST)

**Assessment of Affiliated Risks on the Domestic Insurer**

1. Were any material deficiencies or risks noted during the annual review of the domestic insurer’s Notes to Financial Statements, Interrogatories, Schedule Y – Part 2, Holding Company, Forms B & C, or recent examination reports with respect to affiliated transactions? (CR, LQ, OP, ST)
2. Management agreements
3. Third-party administrative agreements
4. Managing general agent agreements
5. Investment management pools
6. Reinsurance agreements and pools
7. Consolidated tax sharing agreements
8. Other
9. If any of the following forms have been filed with the domestic regulator since the last review, indicate if risks or concerns were noted in any of the reviews of these forms.
10. Form A (Acquisition of Control or Merger)
11. Form D (Prior Notice of a Transaction)
12. Form E (Pre-Acquisition Notification) or Other Required Information
13. Extraordinary Dividend/Distribution

**Assessment of Form F - Enterprise Risk Statement**

1. Obtain either the Form F from the lead state, if available, and/or the lead state’s analysis of the Form F if it addresses the impact of the holding company on your state’s domestic insurer(s).
2. Based on the analyst’s review of Form F and/or the lead state’s analysis of the Form F, and any additional information related to enterprise risk available (e.g., Form B, other filings), document any material concerns regarding enterprise risk that could impact the financial condition of the domestic insurer.
3. Do any of the risks identified pose an immediate material risk to the insurer’s policyholder surplus or risk-based capital position, insurance operations (e.g., changes in writings, licensure, and organizational structure), balance sheet, leverage or liquidity?

**Assessment of Own Risk and Solvency Assessment (ORSA), if applicable**

1. Obtain the lead state’s analysis of the ORSA Summary Report (see section VI.F-Own Risk and Solvency Assessment Procedures).
2. Did the lead state document in its analysis any risks or concerns that in its opinion have an impact on the overall financial condition of the insurance holding company system? If so, do any of the risks or concerns identified pose a material risk to the domestic insurer?

**Assessment of Corporate Governance Annual Disclosure (CGAD), if applicable**

1. Obtain the lead state’s analysis of the CGAD and determine if it addresses corporate governance policies and practices of the group applicable to your state’s domestic insurer(s).
   1. If the CGAD analysis does not address corporate governance policies and practices of the group applicable to the non-lead states’ domestic insurer, request the CGAD from the insurer.
2. Based on the analyst’s review of the CGAD or the lead state’s analysis of the CGAD, and any additional available information related to corporate governance, document any material concerns regarding corporate governance impacting the domestic insurer.
3. Do any of the concerns identified pose an immediate material risk to the domestic insurer’s financial condition (e.g., operations, policyholder surplus or capital position)?

**Communication & Follow-Up with the Lead State**

* Notify the lead state of any additional material events or concerns applicable to the domestic insurer, or the group as a whole, that the lead state may not otherwise be aware of, and that should be considered in the evaluation of the overall financial condition of the holding company system.
* If any material risks or events were identified during your holding company analysis that were not discussed in the lead state’s holding company analysis, communicate those findings to the lead state.

**Update the Insurer Profile Summary**

Update the Insurer Profile Summary of the domestic insurer with the summary and conclusion of the impact of the holding company system on the domestic insurer based on the above analysis performed.

|  |  |
| --- | --- |
| Analyst: | Date: |
| Supervisor Review: | Date: |
| Supervisor Comments: | |

1. The list provided is based on the NAIC *Insurance Holding Company System Regulatory Act* (#440); however analysts should review the Form B compliance in relation to their own state’s requirements. [↑](#footnote-ref-1)