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same U.S. jurisdictions where the transferring insurer(s) is licensed or had ever been licensed with respect to the transferred business

- ii. For IBT transactions involving property and casualty insurance, the applicant represents that the laws of each U.S. jurisdiction where any such policies issued by the transferring insurer are transferred such that rights to guaranty fund coverage are not reduced, eliminated, or otherwise changed as a result of the transaction

- p. A full description and analysis of all plans regarding run off operations of any of the insurer(s) relating to the business being transferred
- q. Update to the Own Risk and Solvency Assessment reports ("ORSA") demonstrating how the proposed transaction would impact the ORSA analysis for the transferring insurer(s) as well as for any insurer that will be assuming policy liabilities if the proposed transaction is approved.
- r. Documentation of how the administration of policies by the transferring insurer(s) following the transaction will provide a continuing level and quality of service
- s. Form of notice to be provided under the IBT to any policyholder whose policy is part of the transfer, including a full description as to how such notice shall be provided

2. Corporate Division – Narrative of the Proposed CD including

- a. The manner of allocating between or among the resulting insurer(s) including:
 - i. Any assets of the dividing insurer that will not be owned by all of the resulting companies as tenants in common
 - ii. The liabilities of the dividing insurer, including policy liabilities, to which not all of the resulting insurer(s) will become jointly and severally liable.
- b. The manner of distributing shares in the new insurer(s) to the dividing insurer(s) or its shareholders
- c. A reasonable description of the liabilities, including policy liabilities, and items of capital, surplus or other assets, in each case, that the dividing insurer proposes to allocate to each resulting insurer(s), including specifying the reinsurance contract, reinsurance coverage obligations, and related claims that are applicable to those policies
- d. All terms and conditions required by the laws of the jurisdiction or the articles of incorporation and bylaws of the dividing or resulting insurer(s)
- e. Evidence demonstrating that the interest of all classes of policyholders (including with respect to guaranty association coverage) claimants and other stakeholders of the dividing and resulting insurer(s) will be properly protected, and all other terms and conditions of the division.
- f. Nothing in this shall expand or reduce the allocation and assignment of reinsurance as stated in reinsurance contract.
- g. If the dividing insurer(s) survives the division, the plan of division shall include any proposed amendments

the laws of each U.S. jurisdiction where any such policies issued by the dividing insurer are allocated such that rights to guaranty association coverage are not reduced, eliminated, or otherwise changed as a result of the transaction

I. Runoff operations

i. A description of all plans regarding any run-off operations

m. Documentation of how the administration of policies by the dividing insurer following the transaction will provide a continuing level and quality of service

3. Financial Information for IBT and CD

a. Historical financial statements, including the most recently filed annual and quarterly statutory statements

b. Financial statements (in a spreadsheet format) detailing the accounting of the proposed IBT or CD including:

i. Schedules detailing assets and liabilities to be reallocated as part of the IBT or CD

ii. An accounting of any special charges, re-evaluations or write-downs to be made as part of the IBT or CD.

c. Pro forma financial statements of the insurer(s) as if the IBT or CD were approved including an explanation of the underlying assumptions

d. Financial projections for three years. 18Tj -0.0 y 0021t[eTcv I1 (s)-2.426.60n

- ii. Asset deterioration.
- iii. Deterioration in the collectibility of reinsurance recoverables.

5. Organizational Impact

- a. The plan should affirm that all resulting insurer(s) shall be in compliance with licensure requirements in all applicable jurisdictions. If the restructuring transaction involves the transfer of reinsurance business from one reinsurer to another, approval of the transaction should consider the impact on the direct writer to continue to receive credit for reinsurance if it existed prior to the transaction.
- b. Analysis of the change in organizational structure resulting from the transaction. Areas to emphasize include the following:
 - i. Ownership of the resulting corporate structures
 - ii. Relationship between management of the resulting insurer(s)
 - iii. Substantial reinsurance arrangements between resulting insurer(s)
 - iv. Other ongoing business ties between the resulting insurer(s)

Section III – Robust Regulatory Review

1. Initial Review of the Transaction

The domestic regulator should conduct an initial review of the proposal prepared by the applicant insurer to determine if all information required by Section I and Section II has been provided and the transaction has been properly designed. Some domestic regulators may choose to call a limited scope examination as part of conducting their review. The domestic regulator should ensure:

- a. The document is complete and accurate. The proposed transaction is reasonable and supported by the data.

be embedded in law (along with existing *Insurance Holding Company System Regulatory Act* (#440) Form A requirements).

- a. The regulatory review must be robust, including evaluations of financial projections, accuracy and capital projections. In addition, the review should also include a confirmation that the insurer(s) have performed a due diligence of the legal implications in other jurisdictions specifically those that have anti novation laws. Correspondingly, all affected regulators should conduct a review of their own laws to ensure there is no legal bar to the transaction.
- b. The review should be conducted by the domestic regulator assisted by qualified independent experts (or in-house department of insurance expertise for) and should identify key risks to the transaction. The independent expert should not be a department of insurance employee and should be able to assert independence from the reporting entities under discussion. The expert review should, at a minimum, include the following:
 - i. A prospective solvency assessment
 - ii. A finding that the assets to be transferred to insurers involved in the transaction are adequate to cover the insurer's liabilities being transferred
 - iii. A conclusion that the transaction does not have any material adverse impacts on policyholders including services, benefits from reinsurers, guaranty associations or other secondary market mechanisms
 - iv. A consideration of the plans of any insurer(s) involved in the transaction to liquidate another involved insurer, sell or dividend assets, consolidate, merge, or make other changes, resulting impact on capital, policyholders, reinsurers, and guaranty associations.
 - v. An analysis of any relevant contracts, including claims management and reinsurance, and recordkeeping.
- c. The domestic regulator should consider whether any insurer(s) will lose the benefits of policy line @ domestic regulator should determine whether following the transaction the insurers are operating in a single industry segment is offering differentiated types of insurance products or is otherwise exposed to increased risk because of

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See additional information in the section on assessment (a)ent of

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impacted regulators, and the input from policyholders.

- d. Use uniform NAIC valuation and accounting standards.
 - i. When evaluating the solvency impact of a proposed transaction, the accounting used shall be in conformance with the NAIC's uniform statutory accounting principles valuation and accounting rules in the NAIC Accounting Practices and Procedures Manual

- ii. Risk exposure modeling.
- iii. Horizon and confidence levels to address short-term (1 year); mid-term (5 to 10 years); long-term (relatively low confidence level)

stakeholders experience no material adverse impacts, including but not limited to the availability of guaranty association coverage. The

- I. If the independent expert has expertise in state guaranty association law, consideration of factors relevant to whether the transaction will

- v. Disclosure of material disputes related to reinsurance balances and the potential impact of resolving those disputes
 - vi. A discussion of the impact of the IBT or CD on the collectibility of reinsurance balances
- b. A legal analysis of the effect that

3. Due Diligence Requiring

Depending upon the nature of the transaction, the domiciliary regulator may require the transferring insurer(s) to provide reasonable notification to stakeholders and policyholders of the transaction, which may include, but are not limited to, the following:

- a. Mailing the notice to the stakeholder by first class mail, postage prepaid to their last known address as indicated by the records of the transferring insurer or to the address to which premium notices or other policy documents are sent;
- b. Sending the notice by internationally recognized delivery service (if needed);
- c. By electronic means to any stakeholder who provided consent to receiving service by electronic mail and provides instructions for making the electronic notice or service. "Electronic means" shall include communications by facsimile or electronic mail;
- d. By publication in a newspaper of general circulation in the state in which the transferring insurer has its principal place of business and in such other applicable publications; or
- e. By retaining the services of a professional or entity that specializes in locating current addresses for businesses and persons

4. Notify/Coordinate with Affected Regulators

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- iii. Practical operation of the plan.
- iv. Timing and method of payment of the reinsurance premiums
- v. Financial condition of the reinsurers

GLOSSARY OF TERMS
(Related to the Form A System)

Term	Description
Affiliate	An “affiliate” of, or person “affiliated” with, a specific person is a person who directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified.
Applicant (Information)	The applicant is the insurer wishing to enter into a D or IBT and making a filing with the domiciliary regulator. When entering applicant information, one or the other may be entered but not both a company name and individual name.
Application Status	The application status may be any one of the following: Approved, Approved with Stipulation, Transaction Closed, Transaction Not Closed, Denied or Withdrawn, Submitted, Under Review, and Withdrawn.
Co Code	Co Code is the company code number assigned to the insurer by the NAIC.
Comments	Comments are a list of statements regarding the filing.
Company	A company is an applicant or entity that is other than an individual.
Contact Name	The contact’s name is the initial contact person at the state jurisdiction of domicile. The state contact person is the department staff, usually an analyst, serving as the primary liaison between the applicant, domestic insurer
Directors	Directors are the individuals who sit on the board of directors governing the applicant (company).

The domestic insurer is the company being acquired or merged. The insurer shall have the same meaning as set for within each jurisdiction’s 24.049 0 To

Domestic insurer