

3901-3-02

Regulation and registration of insurers under the Insurance Holding Company Regulatory Act.**(A) Purpose and authority**

~~Sections 3901.32 to 3901.37 of the Revised Code, provide for the regulation and registration of insurance holding company systems. The purpose of this rule is to interpret certain terms, establish standards, and to promulgate forms to be adhered to in the regulation and registration of insurers authorized to do business in this state. This rule is issued pursuant to the authority vested in the superintendent under section 3901.041 of the Revised Code.~~

(B) Authority

This rule is promulgated pursuant to the authority vested in the superintendent under section 3901.041 of the Revised Code. Sections 3901.32 to 3901.37 of the Revised Code, provide for the regulation and registration of insurance holding company systems.

~~(B)~~(C) Definitions

- (1) "Executive officer" means any individual charged with active management and control, in an executive capacity, including a president, vice president, treasurer, secretary, controller, and any other individual performing for a person, whether incorporated or unincorporated, functions corresponding to those performed by the foregoing officers.
- (2) "Ultimate controlling person" means that person within an insurance holding company system which is not controlled by any other person.
- (3) "Insurer" as defined in division (D) of section 3901.32 of the Revised Code includes, but is not limited to, domestic, foreign, and alien stock or mutual insurance companies, mutual protective insurance associations, fraternal benefit societies, risk retention groups domiciled in this state as described in division (A) of section 3960.02 of the Revised Code, reciprocals, title guarantee and trust companies, health insuring corporations, and any other persons engaged either directly or indirectly in this state in the business of insurance which is subject to regulation by the superintendent of insurance.
- (4) "Applicant" means a person or persons seeking to control an insurer.
- (5) All other terms used herein shall have the same meanings prescribed in section 3901.32 of the Revised Code unless the context otherwise requires. Other nomenclature or terminology is according to the Revised Code, or insurance

usage if not defined by the Revised Code.

~~(C)~~(D) Registration of insurer--statement filing

An insurer required to file a registration statement or an amendment thereto pursuant to section 3901.33 of the Revised Code shall furnish the required information on form B as outlined in paragraph ~~(J)~~ (L) of this rule.

~~(D)~~(E) Amendments

- (1) Form B is the annual registration statement to be filed annually by the registered insurer on or before June one, each year after the initial registration. Such annual filing shall restate the form B and make current all information in the form B, including amendments filed during the current reporting year.
- (2) An amendment to form B shall be filed within fifteen days after the end of any month in which the following occurs:
 - (a) There is a change in the control of the registered insurer, in which case the entire form B shall be made current;
 - (b) There is a material change in or addition to the information given in item 5 or item 6 of form B.

~~(E)~~(F) Alternative and consolidated registrations

- (1) Any insurer authorized to do business in this state may file a registration statement on behalf of any affiliated insurer or insurers which are required to register under section 3901.33 of the Revised Code. Such registration statement may include information regarding any insurer in the insurance holding company system even if such insurer is not authorized to do business in this state. In lieu of filing a registration statement on form B, an insurer authorized to do business in this state may file a copy of the registration statement or similar report which it is required to file in its state of domicile, provided:
 - (a) The statement or report contains substantially similar information required to be furnished on form B; and
 - (b) The filing insurer is the principal insurance company in the insurance holding company system.

- (2) 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 simple 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.
- (3) With the prior approval of the superintendent, an insurer not authorized to do business in this state may follow any of the procedures which could be done by an insurer authorized to do business in this state under paragraph ~~(E)~~(1) (F)(1) of this rule.
- (4) Two or more affiliated insurers subject to registration may file a consolidated registration statement or consolidated reports amending their consolidated registration statement or their individual registration statements. The superintendent, however, reserves the right to require individual registration statements if he deems it necessary in the interest of clarity, ease of administration or the public good.

~~(F)~~(G) Exemptions

- (1) A foreign or alien insurer otherwise subject to section 3901.33 of the Revised Code shall not be required to register pursuant to section 3901.33 of the Revised Code if it is subject to disclosure requirements and standards adopted by statute or regulation in the jurisdiction of its domicile which are substantially similar to those contained in section 3901.33 of the Revised Code.
- (2) The state of entry of an alien insurer shall be deemed to be its domiciliary state for the purposes of section 3901.33 of the Revised Code.
- (3) Any insurer not otherwise exempt from section 3901.33 of the Revised Code may apply for an exemption from the requirements of section 3901.33 of the Revised Code by submitting a statement to the superintendent setting forth its reasons for being exempt. No exemption shall be granted except upon written order of the superintendent, stating his findings, made after a hearing held upon not less than ten days written notice to the insurer requesting the exemption.

~~(G)~~(H) Disclaimers and termination of registration

- (1) A disclaimer of affiliation pursuant to division (J) of section 3901.33 of the

Revised Code or a request for termination of registration pursuant to division (F) of section 3901.33 of the Revised Code claiming that a person does not, or will not upon the taking of some proposed action, control any other person (hereinafter referred to as the "subject") shall contain the following:

- (a) The number of authorized, issued and outstanding voting securities of the subject:
 - (b) With respect to the person whose control is denied and all affiliates of such person:
 - (i) The number and percentage of shares of the subject's voting securities which are held of record or know to be beneficially owned, and the number of such shares concerning which there is a right to acquire, directly or indirectly;
 - (ii) Information as to all transactions in any voting securities of the subject which were effected during the past six months by such persons;
 - (c) All material relationships and bases for affiliations between the subject and the person whose control is denied and all affiliates of such person;
 - (d) A statement explaining why such person should not be considered to control the subject.
- (2) A request for termination of registration shall be deemed to have been granted unless the superintendent, within thirty days after he received the request, notifies the registered insurer otherwise.

(I) Enterprise risk report

The ultimate controlling person of an insurer required to file an enterprise risk report, pursuant to division (K) of section 3901.33 of the Revised Code, shall furnish the required information on form F, hereby made a part of this rule.

~~(H)~~(J) Extraordinary dividends and other distributions

Request for approval of extraordinary dividends or any other extraordinary distribution shall include the following:

- (1) The amount of extraordinary dividend or extraordinary distribution;

- (2) The date established for payment of the dividend or distribution;
- (3) A statement as to whether the dividend or distribution is to be in cash or other property and, if in property, a description thereof, its cost, and the fair market value of such property together with an explanation of the basis for valuation;
- (4) The amounts and dates of all dividends or distributions paid within the period of twelve consecutive months ending on the date fixed for payment of the proposed dividend or distribution for which approval is sought and commencing on the day after the same day of the same month in the last preceding year;
- (5) A balance sheet and statement of income for the period intervening from the last annual statement filed with the superintendent and the end of the month preceding the month in which the request for dividend or distribution approval is submitted;
- (6) A brief statement as to the effect of the proposed dividend or distribution 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.

~~(H)~~(K) Form B: instructions

(1) General requirements

- (a) Form B is intended to be a guide in the preparation of the statement required by section 3901.33 of the Revised Code. It is not intended to be a blank form which is to be filled in. The statement filed shall contain the numbers and captions of all items, but the text of the items may be omitted provided the answers thereto are so prepared as to indicate to the reader the coverage of the items without the necessity of his referring to the text of the items or the instructions thereto. 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 not applicable or the answer thereto is in the negative, an appropriate statement to that effect shall be made;
- (b) Two copies of each statement, including exhibits and all other papers and documents filed as part thereof, shall be filed with the superintendent. One of the copies is to be submitted in electronic form as prescribed by the superintendent. If a consolidated report is made to amend the

individual registration statement of more than one insurer, one complete copy of such report shall be filed. Each statement or report filed with the superintendent shall be manually signed in the manner prescribed in the form. If the signature of any person is affixed pursuant to a power of attorney or other similar authority, a copy of such power of attorney or other authority shall also be filed with the statement or report;

- (c) Statements or reports should be prepared on paper 8 1/2 x 11" or 8 1/2" x 13" in size and preferably bound at the top of the top left-hand corner. Exhibits and financial statements, unless specifically prepared for filing, may be submitted in their original size. All copies of any statement, report, financial statement, or exhibits shall be clear, easily readable and suitable for photocopying. Debits in credit categories shall be designed so as to be clearly distinguishable as such on photocopies. Statements or reports shall be in the English language and monetary values shall be stated in United States currency. If any exhibit or other paper document filed with the statement or report 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.

(2) Incorporation by reference, summaries and omissions.

- (a) Information required by an item of form B 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 B provided such document or paper is filed as an exhibit to the statement or report. Excerpts of documents may be filed as exhibits if the documents are extensive. Documents already on file with the superintendent 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 such incorporation would render the statement or report 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 most important provisions of the document. In addition to such statement, the summary or outline may incorporate by reference particular parts of any exhibit or document on file with the superintendent and may be qualified in its

entirety by such reference. In any case where two 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 such omitted documents differ from the document of which a copy is filed. The superintendent may at any time in his discretion require the filing of copies of any omitted documents.

(3) Information unknown or unavailable and extension of time to furnish:

- (a) Information required need be given only insofar as it is known or reasonably available to the registered insurer. If any required information is unknown and not reasonably available to the registered insurer, either because the obtaining thereof would involve unreasonable effort or expense, or because it rests peculiarly within the knowledge of another person not affiliated with the registered insurer filing, the information may be omitted, subject to the following conditions:
 - (i) The registered insurer shall give such information on the subject as it possesses or can acquire without unreasonable effort or expense, together with the sources thereof; and
 - (ii) The registered insurer shall include a statement either showing that unreasonable effort or expense would be involved or indicating the absence of any affiliation with the person within whose knowledge the information rests and stating the result of a request made to such person for the information.
- (b) If it is impractical to furnish any required information, document or report at the time it is required to be filed, there may be filed with the superintendent as a separate document an application (i) identifying the information, document or report in question, (ii) stating why the filing thereof at the time required is impractical, and (iii) requesting an extension of time for filing the information, document or report to a specified date. The application shall be deemed granted unless the superintendent within thirty days after receipt thereof, shall enter an order denying the application.

(4) Additional information and exhibits.

In addition to the information expressly required to be included in ~~Form~~ form

B, there shall be added 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. Such exhibits shall be so marked as to indicate clearly the subject matters to which they refer.

(5) Amendments

Any amendment to form B shall include on the top of the cover page the phrase: "amendment no. _____ to" and shall indicate the date of the amendment and the date of the original filing of the statement being amended.

~~(H)~~(L) Form B: Information to be included in form B

Insurance holding company system registration statement

Filed with the insurance department of the state of Ohio by

Name of registrant (or registrants if this is a consolidated registration statement)

"NAIC Group No." _____

On behalf of the following insurance companies:

Dated: _____, 20__

Name, title and address of officer 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 officers 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 amount all affiliated persons within the insurance holding company system. The chart or list 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 such control. As to each person specified in such chart or listing, indicate the type or 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, furnish the following information:

- (a) Name;
- (b) Home office address;
- (c) Principal executive office;
- (d) The organizational structure of the person, e.g., corporation, partnership, individual, trust, etc.;
- (e) The principal business of the person;
- (f) The name and address of any person who holds ten percent or more of any class of voting security of the ultimate controlling person, the class of such security, the name of shares held of record or known to be beneficially owned, and the percentage of class so held or owned.

Item 4. Biographical information

Furnish the following information on the directors or trustees, the members of a non- profit corporation, as well as the executive officers of the insurer and ultimate controlling person, beneficial or record owners of ten percent or more of any class of voting security of the ultimate controlling person:

- (a) For new registrants, provide a biographical affidavit on a form prescribed by the superintendent for all persons described in item 4.
- (b) For registrants without any changes to the list of persons described in item 4 since the previous filing, provide each person's name and address, his 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.

(c) For registrants with changes to the list of persons described in item 4 since the previous filing, provide a biographical affidavit on a form prescribed by the superintendent for any person not previously required to submit biographical information; for all others provide the information described in paragraph (b) of item 4.

Item 5. Transaction, relationships and agreements

Briefly describe the following agreements in force, relationships subsisting, and transactions currently outstanding between the registrant and its affiliates:

(a) Loans, other investments, or purchases, sales or exchanges of securities of the affiliated 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 and service contracts and all cost sharing arrangements;

(f) Reinsurance agreements;

(g) Dividends and other distributions to shareholders;

(h) Consolidated tax allocation agreements;

(i) Any pledge of the insurer's stock, including stock of any subsidiary or controlling affiliate, for a loan made to any member of the insurance holding company system, and

(j) Other matters concerning transactions between registered insures and any affiliates as may be included from time to time in any registration forms adopted or approved by the superintendent.

No Information need be disclosed if such information is not material. Sales purchases, exchanges, loans or extensions of credit or investments involving one-half of one per cent or less of the registrant's admitted assets as of the thirty-first day of December next preceding shall not be deemed material.

The description shall be in a manner as to permit the proper evaluation thereof by

the superintendent, and shall include at least the following: the nature and purpose of the transaction; the nature and the amounts of any payments or transfers of assets between the parties; the identity of all parties to such transaction; the relationship of the affiliated parties to the registrant; and if applicable the date upon which the agreements, relationships, transactions and distributions described in item 5 of paragraph ~~(J)~~ (L) of this rule were reported to the superintendent pursuant to division (C) of section 3901.34 or section 3901.341 of the Revised Code.

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 directors or executive officers of the ultimate controlling person was a party or of which the property of any such person is or was the subject; give the names of the parties, the court or agency in which such litigation or proceeding is or was pending, and the date when commenced:

(a) Criminal prosecutions or administrative proceedings by any governmental agency or authority which may be relevant to the trustworthiness or any party thereto; and

(b) Proceedings which may have a material effect upon the solvency or capital structure of the ultimate controlling person including, but not necessarily limited to, bankruptcy, liquidation, receivership, or corporate reorganizations.

Item 7. Financial statements and exhibits

(a) Financial statements and exhibits for registrants shall be attached to this statement as an appendix unless incorporated herein by reference to such statements or exhibits already filed with the superintendent;

(b) 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 such person's latest fiscal year.

If at the time of the initial registration, any annual financial statements required to be filed 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. Financial statements may be prepared on either an individual basis, or unless the superintendent otherwise requires, on a consolidated basis if such consolidated statements are prepared in the usual course of business.

Unless the superintendent 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 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 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.

(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.

Signatures

Signatures and certification of the forms as follows:

Pursuant to the requirements of section 3901.33 of the Revised Code and rule 3901-3-02 of the Administrative Code, the registrant has caused this registration statement to be duly signed on its behalf in the city of _____ and state of _____ on the ____ day of _____, 20__.

_____ (Name) (Title)

(Seal)

_____ (Name of registrant)

Attest:

_____ (Signature of officer)

_____ (Title)

The undersigned deposes and says the he has duly executed the attached registration statement dated _____, 20__, for and on behalf of _____; that he is the _____ (Title of officer) of such company, and that he has the authority to execute and file such instrument. Deponent further says that he is familiar with such instrument and that the facts therein set forth are true to the best of his knowledge, information and belief.

(Signature) _____

(Type or print name beneath) _____

~~(K)~~(M) Summary of registration statement

A form C summary of registration statement, must be prepared and filed with each form B filing in the following form:

Form C

Summary of registration statement

Filed with the insurance department of the state of _____

By

Name of registrant

"NAIC Group No." _____

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 superintendent, 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 ten per cent 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 3901.33 of the Revised Code, registrant has caused this registration statement summary 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) _____

(N) Form F: Information to be included in form F

Form F

Enterprise risk report

Filed with the insurance department of the state of Ohio

By _____

Name of registrant/applicant

On behalf of/related to the 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 division (K) of section 3901.33 of the Revised Code, provided such information is not disclosed in the insurance holding company system annual registration statement filed on behalf of this 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 ten per cent 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 twelve 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, would adversely affect

the insurance holding company system.

The registrant/applicant may attach the appropriate form most recently filed with the "United States 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.

~~(L)~~(O) Severability

If any ~~section, term, or paragraph, term or provision~~ of this rule is adjudged invalid for any reason, ~~such~~ the judgment shall not affect, impair or invalidate any other ~~section, term, or paragraph, term or provision~~ of this rule, but the remaining ~~section, terms, and paragraphs, terms and provisions~~ shall be and continue in full force and effect.

Effective:

Five Year Review (FYR) Dates: 08/31/2015

Certification

Date

Promulgated Under: 119.03
Statutory Authority: 3901.041, 3901.32 to 3901.37
Rule Amplifies: 3901.32 to 3901.37
Prior Effective Dates: 11/22/1971, 10/20/1991, 6/1/1996, 4/13/2006,
11/18/2010