



NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Date: 6/29/21

Virtual Meeting

NATIONAL TREATMENT AND COORDINATION (E) WORKING GROUP

Wednesday, September 29, 2021

1:00 – 2:00 p.m. ET / 12:00 – 1:00 p.m. CT / 11:00 a.m. – 12:00 p.m. MT / 10:00 – 11:00 a.m. PT

ROLL CALL

Debbie Doggett, Co-Chair	Missouri	Ursula Almada	New Mexico
Linda Johnson, Co-Chair	Wyoming	Cameron Piatt	Ohio
Cindy Hathaway	Colorado	Greg Lathrop	Oregon
Kathy Belfi	Connecticut	Karen Feather	Pennsylvania
Alisa Pritchard	Delaware	Amy Garcia	Texas
Carolyn Morgan	Florida	Jay Sueoka	Utah
Stewart Guerin	Louisiana	Ron Pastuch	Washington
Kari Leonard	Montana	Amy Malm	Wisconsin

NAIC Support Staff: Jane Barr

AGENDA

1. Review 2022 Draft Charges— *Debbie Doggett (MO)* Attachment 1
2. Consider Adoption of Proposal 2021-06 (Request for Disclaimer – Form 9)— *Linda Johnson (WY)* Attachment 2
3. Receive Financial Analysis Working Group Referral— *Linda Johnson (WY)* Attachment 3
4. Discuss Drafting Guidance or Frequently Asked Questions for Form A’s— *Debbie Doggett (MO)*
5. Discuss Non-Domiciliary State Notification of Dissolution or Mergers—*Kristin Hynes (MI)* Attachment 4
6. Discuss Any Other Matters Brought Before the Working Group

w:\qa\ucaahandbook\conference calls\ntcwg\2021\Sept \29_agenda_.docx

This page intentionally left blank.

The **National Treatment and Coordination (E) Working Group** will:

- A. Increase utilization and implementation of the *Company Licensing Best Practices Handbook*.
- B. Encourage synergies between corporate changes/amendments and rate and form filing review and approval to improve efficiency.
- C. Continue to monitor the usage and make enhancements to the Form A Database.
- D. Maintain educational courses in the existing NAIC Insurance Regulator Professional Designation Program for company licensing regulators.
- E. Make necessary enhancements to promote electronic submission of all company licensing applications.
- F. Monitor the ongoing adherence of background investigation reports and third-party vendors and increase uniformity of state requirements regarding concerns or changes to key individuals' fitness and propriety.

This page intentionally left blank.

National Treatment and Coordination (E) Working Group
Company Licensing Proposal Form

<p align="right">DATE: <u>6/29/21</u></p> <p>CONTACT PERSON: <u>Jane Barr</u></p> <p>TELEPHONE: _____</p> <p>EMAIL ADDRESS: _____</p> <p>ON BEHALF OF: <u>National Treatment and Coordination WG</u></p> <p>NAME: _____</p> <p>TITLE: _____</p> <p>AFFILIATION: _____</p> <p>ADDRESS: _____</p> <p>_____</p>	<p align="center">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2021-06</u></p> <p>Year <u>2021</u></p> <p align="center">DISPOSITION</p> <p>[] ADOPTED _____</p> <p>[] REJECTED _____</p> <p>[] DEFERRED TO _____</p> <p>[] REFERRED TO OTHER NAIC GROUP _____</p> <p>[X] EXPOSED Sept. 24, 2021 _____</p> <p>[] OTHER (SPECIFY) _____</p>
--	--

IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

- [X] UCAA Forms [] UCAA Instructions [] Enhancement to the Electronic Application Process
 [] Company Licensing Best Practices HB

Forms:

- [] Form 1 – Checklist [] Form 2 - Application [] Form 3 – Lines of Business
 [] Form 6- Certificate of Compliance [] Form 7 – Certificate of Deposit [] Form 8 - Questionnaire
 [] Form 8C- Corporate Amendment Questionnaire [] Form 11-Biographical Affidavit [] Form 12-Uniform Consent to Service of Process [] Form 13- ProForma [] Form 14- Change of Address/Contact Notification
 [] Form 15 – Affidavit of Lost C of A [] Form 16 – Voluntary Dissolution [] Form 17 – Statement of Withdrawal

DESCRIPTION OF CHANGE(S)

A uniform template to be used when requesting disclaimer of affiliation or control for UCAA filings where a biographical affidavit is required. NAIC staff suggest identifying this form as Form 9.

REASON OR JUSTIFICATION FOR CHANGE **

State responses from a recent survey indicated the need for a uniform template for disclaimer requests.

Additional Staff Comments:

** This section must be completed on all forms.

Revised 01-2019

Request for Disclaimer of Affiliation or Control of An Individual

Applicant Company Name: _____

Group Code (If Applicable): _____

Name:

Title/Position:

1. Provide the number of authorized, issued, and outstanding voting securities of the subject.
2. Provide the number and percentage of shares of the subject's voting securities, which are held of record or known to be beneficially owned, and the number of shares concerning which there is a right to acquire, directly or indirectly.
3. Provide all material relationships and bases for affiliation between the subject and the person whose control is denied and all affiliates of such person.
4. Provide an explanation stating why the person should not be considered to control the subject.

I hereby certify, under penalty of perjury, that all of the information, including the attachments, submitted in this request for disclaimer is true and complete. I am aware that submitting false information or omitting pertinent or material information in connection with this request for disclaimer is grounds for license discipline or other administrative action and may subject me or the Applicant Company, or both, to civil or criminal penalties.

I acknowledge that I am familiar with the insurance laws and regulations of said state, accept the Constitution of such state, in which the Applicant Company is licensed or to which the Applicant Company is applying for licensure.

(eSignature) _____ (Date) _____
County of _____
State of _____

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this ____ day of _____, 20__ by _____, and: who is personally known to me, or who produced the following identification: _____.

[SEAL]

Notary Public

Printed Notary Name

My Commission Expires



NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

MEMORANDUM

TO: Debbie Doggett (MO) and Linda Johnson (WY), Co-Chairs of National Treatment and Coordination (E) Working Group

FROM: Judy Weaver (MI), Chair of Financial Analysis (E) Working Group

DATE: August 16, 2021

RE: Form A Database Enhancement Request

The Financial Analysis (E) Working Group (FAWG) recently evaluated ownership of insurance companies by firms that are categorized as “private equity”. State insurance departments have a good understanding of the ownership structures of their domestic insurance companies and the industry-wide scope of companies in these structures, currently. Acquisitions by private equity firms with either a controlling or non-controlling interest (i.e., 10% ownership or as defined by the state’s Holding Company law) appear to be an ongoing trend.

To assist state regulators on a going-forward basis, the FAWG requests an addition to the Form A Database to inform state insurance regulators when private equity firms are acquiring ownership of an insurer and to assist in maintaining a record of private equity owned insurers. The enhancement should request the following information, which should be available in future years to evaluate the trend:

1. *Are any of the acquiring parties a private equity firm, or a person associated with a private equity firm, not limited to controlling party(ies)? (Yes or No response)*
 - a. *If yes, name & percentage ownership of the private equity firm(s) or person(s), and a description of the firm/investor type (e.g., venture capital, leveraged buyout, individual investor partnerships, etc. (Text & numeric response in percent format)*
 - b. *Is the ownership via a portfolio investment or a strategic investment?*

Note: The state insurance department should determine “Private Equity” firm ownership based on the information received in the Form A application and communication with the acquiring party. The state insurance department may also utilize third-party resources such as rating agencies, or other industry/sector analysis. While third-party resources may have slightly varying definitions, private equity may be defined as an alternative form of private financing, typically away from public markets, in which funds and/or investors directly invest in companies or engage in buyouts of such companies. Private equity firms can be typically classified as venture capital, mezzanine, private credit and leveraged buyout (LBO) funds and are generally structured as partnerships with several limited partner investors. The companies they invest in may be deemed portfolio companies, which may include insurance companies. The companies may also be held on the firm’s balance sheet as a strategic investment.

Executive Office | 444 North Capitol Street NW | Suite 700 | Washington, DC 20001 | (202) 471-3990

Central Office | 1100 Walnut Street | Suite 1500 | Kansas City, MO 64106-2197 | (816) 842-3600

Capital Markets & Investment Analysis Office | One New York Plaza | Suite 4210 | New York, NY 10004 | (212) 398-9000

www.naic.com



NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

If you have any questions on this referral, please contact Judy Weaver, Chair of the Financial Analysis (E) Working Group, or Ralph Villegas, NAIC staff.

Lopez, Amy

From: Hynes, Kristin (DIFS) <hynesk@michigan.gov>
Sent: Wednesday, September 15, 2021 1:46 PM
To: Barr, Jane
Subject: Notification to Non-lead States of the Dissolution of Companies

Follow Up Flag: Follow up
Flag Status: Flagged

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Jane,

We've had a few issues come up due to not being aware that companies were dissolved and/or merged out of existence, where we received notification after the dissolution or merger. Notification to non-lead states prior to dissolution would be beneficial to ensure potential issues are resolved in advance. I've described a few situations below.

- Recently we received a voluntary surrender application for a company that was dissolved by the state of domicile. However, the company still had an open invoice that needed to be paid with our state. We are still working on this issue.
- A few years back, a life company was dissolved and subsequently surrendered its certificate of authority in our state. The plan of dissolution involved a fraternal assuming the policies and liabilities. This raised questions within our state as to whether the transaction impacted the guaranty fund coverage and resulted in a disadvantage to the life company policyholders, whether certain notifications were sent to the policyholders, etc. In this case, we were able to get satisfactory answers, but under different circumstances might have resulted in more issues.
- We also just received a request from a company to surrender its COA. It's method of securing our state's liabilities was not acceptable under our insurance code. In this case, we received the request 2-3 weeks before the planned dissolution of the company, so we are currently in the process of notifying both the company and its state of domicile that we cannot accept the surrender because the liabilities are not properly secured with an insurance company authorized in our state as required by our insurance code.

I'm not sure if other states have encountered similar type of issues. We wondered if perhaps requiring notification to the non-lead states prior to dissolving a company is something worth taking up with National Treatment.

Thanks!

Kristin M. Hynes, CFE
Company Licensing & Risk-Focused Analysis Supervisor
Michigan Department of Insurance and Financial Services
E-Mail: hynesk@michigan.gov
Phone: 517-284-8753
Fax: 517-284-8839

NOTICE: This message is intended for the named recipient(s) only and may contain confidential, privileged, or private information exempt from disclosure under Michigan law. If you have received this message in error, do not forward, share, save or duplicate it. Please reply and notify me of the error in transmission and then delete the message. Thank you.