**By email**

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Buddy Combs

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and

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Co-chairs, NAIC Restructuring Mechanisms (E) Subgroup

 RE: The Restructuring Mechanisms Working Group and Subgroup Charges

Dear Ms. Dwyer and Messrs. Combs, Stolte and Smith,

This paper is submitted to comment on certain of the charges of the NAIC Restructuring Mechanisms Working Group and Subgroup and assist in your consideration of issues related to new restructuring legislation, including insurance business transfers (“IBTs”) and corporate division statutes.

1. **What is runoff?**

As an initial matter it is important to understand the concept of runoff and how it has evolved over the past several decades.

Frequently, insurance professionals as well as regulators, mistakenly view the world of insurance and reinsurance runoff from the exclusive perspective of poorly performing, environmental liability-oriented business that is financially impaired. While clearly much of the runoff of the past has encompassed this type of business, there is a much broader strategic opportunity around runoff that is emerging. These opportunities constitute the runoff of today.

The roots of effective runoff management and the emergence of runoff acquirers go back to the dark days of toxic exposures emanating from the US relating to asbestos, pollution and other mass torts. A number of insurers in the US and UK were forced to cease underwriting, some went into insolvent proceedings and even Lloyd’s of London had to undergo reorganization to ring-fence its pre-1993 liabilities. At that time runoff was considered a dirty word and companies feared for their reputation if their name was used in the same sentence as the term. This enabled companies to form to acquire runoff liabilities, as companies were keen to dispose of them and the acquirers, whose primary business strategy was runoff, could provide more dedicated focus on the claim management without the distraction of active underwriting.

In the UK and EU a number of tools were developed and adapted to enhance the efficient handling of these liabilities, such as business transfer mechanisms. These tools have proven to be effective over an extended time period, while the whole attitude to runoff has changed as has the business approach and management. In the UK and EU portfolios of legacy or runoff liabilities are regularly disposed of by insurers and reinsurers. Over the past 20 years there have been hundreds of insurance business transfers successfully completed in the UK and EU, none of which have subsequently encountered financial difficulties.

Restructuring options for runoff allow for those capital providers with a greater appetite for certain types of risk and a business model focused on managing these run-off liabilities to bettersupport liabilities that others may wish to jettison or shed through divestiture. As such, the negative connotation that was associated with runoff in the 1980s and 90s as business that was destined to fail, has long been abandoned for this new definition of re-allocated capital that more efficiently and effectively supports the runoff of these legacy liabilities.

***Restructuring Mechanisms Working Group-Definition of runoff***

Almost all companies have runoff or legacy liabilities that are no longer core to their business. Many of these companies continue to write new business. There also are companies that specialize in managing runoff or legacy liabilities, but do not actively write new business. A more expansive view of runoff as a business is evolving that includes specialty runoff companies, PE firms investing in management of legacy liabilities, and others.

The Restructuring Mechanisms Working Group defines “Runoff companies” as “companies that are no longer actively writing insurance business or collecting premiums.” Many companies that may not fit within the definition of “runoff companies” as defined by the Working Group, can and will be using the newly emerging restructuring tools. When implementing these restructuring mechanisms, it is important to have uniform and consistent rules and guidelines that can be applied to all companies, whether or not they are a “runoff company”.

1. **Restructuring Mechanisms Working Group and Subgroup**

***The 1997 White Paper***

The charges of the Restructuring Mechanisms Working Group and Subgroup are very broad and cover a multitude of issues. Some of the charges contemplate the need for additional guidelines specific to runoff. As far back as 1997, the NAIC, in its White Paper on “Liability-Based Restructuring” (LBR), recognized that “restructurings can be effected through various forms and occur for different reasons”. The 1997 White Paper analyzes in whole or in part, virtually all the key issues set forth in the current Working Group and Subgroup charges.

For example, Section 4 of the Restructuring Mechanisms Working Group charges the working group to “Develop financial solvency and reporting requirements for companies in runoff”.

With respect to this issue, the 1997 White Paper states:

Regardless of the nature of an LBR, a key responsibility of the regulatory authority in assessing whether to approve the transaction will be to analyze financial solvency issues. The regulatory authority must determine whether the resulting structure will have sufficient assets, both as to quality and duration, to meet policyholder and other creditor obligations. To make this determination, the regulatory authority will need to assess reserve adequacy, collectability of reinsurance balances, and the value and liquidity of assets. Before formulating a conclusion based on these assessments, the regulatory authority should also consider the adequacy of capital and surplus levels and whether financial support is available from the parent company or other affiliates.

The restructuring insurer should provide the regulatory authority a detailed analysis of business and operational aspects of the LBR, including a detailed business plan, historical, current and pro-forma financial statements, and a description of the transaction’s tax consequences. The financial information provided should include a balance sheet of the insurer as if the restructuring plan were approved, and schedules detailing assets and liabilities to be reallocated as a part of the restructuring plan. Any special charges or write-downs that will be made as a result of the LBR should also be specifically identified. The detailed business plan should also include a discussion of how the LBR will impact obligations to policyholders and other creditors. In addition, a statement should be provided describing the consequences if the LBR is not approved.

These standards can serve as the framework and basis for regulators to consider “financial solvency and reporting requirements for companies in runoff”. Indeed, these standards can apply to all companies, not just those “in runoff” as most of the new restructuring mechanisms that are emerging can be used by all companies, not just “runoff companies”.

In addition, section VI of the 1997 White Paper specifically addresses the need for oversight for these types of transactions and in Appendix 3 sets forth examples of conditions and requirements for on-going regulatory oversight that are still relevant today. The Working Group and Subgroup can use Appendix 3 as a framework to update the requirements for transfer transactions pursuant to the new restructuring mechanisms.

1. **Restructuring Mechanisms Working Group Charges**

***Working Group Charge 1.a. states:***

*Address the perceived need for restructuring statutes and the issues those statutes are designed to remedy. Also consider alternatives that insurers are currently employing to achieve similar results.*

***The need for restructuring mechanisms***

Many companies have portfolios of legacybusiness that are either inconsistent with their core competency or provide excessive exposure to a particular risk or segment of the market. These non-core and/or discontinued policies and portfolios are often associated with potentially large exposures. Further, they frequently are characterized by lengthy time periods before resolution of the last remaining insured claims, resulting in a costly administration process with significant financial uncertainty to the insurer or reinsurer covering those risks. Collectively, these factors can distract management, absorb capital, reduce return on equity and negatively impact the credit ratings of both insurers and reinsurers.

In a recent survey conducted by PwC of the global insurance runoff market, U.S. P&C runoff liabilities were estimated to be $335 billion.[[1]](#footnote-1) The life runoff market is estimated to be even larger. In their May 2018 analysis, Moody’s estimated that insurers have over $420 billion of annuity, life insurance, long term care and other liabilities publicly designated as “legacy” or “run-off that are targeted for an exit transaction.[[2]](#footnote-2)

Some of the major challenges facing companies with runoff or legacy liabilities include:

* Access to restructuring/exit mechanisms
* Maintaining reputation
* Capital constraints
* Operational costs
* Adverse impact to a company’s rating
* Lack of skilled resources
* Reinsurance credit risk

Legacy business ties up significantamounts of capital, staff time, and management attention. Increased oversight, ongoing expansion of state regulation and limited restructuring options create operating issues, increase compliance costs and raise additional concerns that consume management time and attention. Yet the complex and diverse US regulatory system makes it difficult to rationalize the risk management and administration of scattered portfolios and optimize capital.

In many jurisdictions worldwide, organizations increasingly utilize business transfer mechanisms as a strategic tool to allow global insurance groups, captive insurance companies, and others to restructure their business operations by exiting certain lines or transferring portfolios of business to unleash excess capital, focus on emerging opportunities, and to free management attention and oversight to core activities

Since it came into effect in 2001 the UK’s insurance business transfer mechanism, commonly known as a Part VII transfer, has grown in popularity. It has acted as a key driver for companies looking to restructure their operations and utilize capital more effectively. As of April 2019, there have been 285 successful transfers completed none of which have subsequently encountered financial difficulty.

A UK Insurance Business Transfer was a crucial, final component of the reconstruction and renewal plan that saved the Lloyd’s of London insurance market in the 1990s. In the first stage, all 1992 and prior liabilities, including extensive US asbestos and environmental losses, were reinsured to the newly created vehicle, Equitas that also centralized processing resulting in better claim management and reduced costs. But this did not bring finality. It was not until Berkshire Hathaway became involved and a UK Insurance Business Transfer legally removed the liabilities away from the original names, that they at last achieved finality.

The Equitas experience highlights the importance of finality that brings efficiencies, clarity, and transparency to run-off situations.

It is important for the US insurance market to have similar restructuring options that are available in almost all advanced countries to remain competitive and thrive in the global economy.

***New Restructuring Mechanisms can address these issues***

US insurance companies need effective restructuring tools to allow them to consolidate, gain efficiencies and increase profitability in order to attract new capital. Companies are looking for exit solutions for non-core business that reduce or eliminate counter-party risk, optimize capital utilization and provide economic and legal finality while ensuring that policyholders are protected. Over time credit risk problems arise, loss development can emerge, staff attrition increases, and management is distracted from its core lines of business.

Fundamentally, the need for restructuring tools is about the efficient use of capital. Insurance Business Transfer (IBT) and Division legislation provide restructuring mechanisms that allow a company to more efficiently and effectively address legacy business. These new options allow companies to more readily achieve stated goals of capital optimization, streamlined operations, financial and regulatory reporting efficiencies, and legal finality when segregating and disposing embedded blocks of business.

For many companies, legacy business becomes a distraction to management that would prefer to focus on core business. If legacy business can be transferred or acquired by runoff acquirers or consolidators these buyers can create centers of excellence for specialist claim expertise. This specialized knowledge can generate savings in administration and reserve management and provide a better claim experience for the claimant. Transfers also can allow different portfolios to be combined and diversification benefits realized, allowing buyers to operate lower cost business models. The finality that is achieved through a transfer means the seller can move on and focus on new strategic priorities and the buyer can take full control of the runoff portfolio resulting in a more efficient approach.

***Existing options currently being used***

Sale, reinsurance and loss portfolio transfers have been the most frequently used options to address legacy liabilities. But each of these has a limited application and, in many cases, is not a practical or financially rational solution, particularly in the low interest rate environment of recent years. Most companies have considered these alternatives and are looking for other more effective ways to deal with legacy liabilities that remain on the balance sheet.

*Sale*

Insurers and reinsurers wanting to ease the capital strain of legacy liabilities have frequently resorted to sale of distinct legal entities. While sale eliminates the legacy business from the seller’s balance sheet, there are few carriers whose entire business is in runoff, making a sale an ineffective option. A sale onlyworks when the business the company is selling is in a stand-alone legal entity. Run-off or legacy liabilities are very frequently embedded with other active business and because there are no available restructuring mechanisms to segregate the businesses, sale is not an effective option.

*Reinsurance/loss portfolio transfer*

Reinsurance and loss portfolio transfers are another frequently utilized option to address legacy liabilities. While reinsurance or loss portfolio transfers provide some economic relief, the liability remains with and can revert to the original carrier. Also, reinsurance involves long term processing costs and credit risk, and exposes the seller to the business being put back to them if the buyer has financial challenges. There is no legal finality because the policyholder liability remains with the original insurer.

*Novation/Assumption Reinsurance*

Until recently the only way to transfer a block of business with finality in the U.S. was by way of a policy novation process. The existing process of novating policies (i.e. assumption reinsurance) is expensive, cumbersome and time-consuming and the process is inconsistent among the states as each state has differing requirements. In most instances the novation process will not result in positive consent from all policyholders, especially for older books of business.

*Commutation*

Some companies utilize commutations to reduce run-off exposures. However, commutation only provides relief for a select group of policies, leaving the company with policies that it is unable to commute.

***Working Group Charge 1.b. states:***

*Summarize the existing state restructuring statutes*

There are two recent US regulatory developments that provide new restructuring options for insurers to transfer blocks of business.

* The enabling of Insurance Business Transfers (IBTs) in Vermont, Rhode Island and Oklahoma, and
* Division legislation in Connecticut, Illinois, Iowa, Georgia and Michigan.

These restructuring mechanisms have the potential to simplify and expedite the separation of core from non-core business lines, thereby encouraging restructuring transactions.

There are important distinctions between the IBT and corporate division legislation and their respective approval processes. Each tool has a distinct business purpose and result. In order to avoid confusion and misunderstanding, these mechanisms should be reviewed separately.

***The Insurance Business Transfer***

Vermont was the first state to pass some form of transfer legislation. In 2014 Vermont adopted its Legacy Insurance Management Act (LIMA)[[3]](#footnote-3), which allows non-admitted insurers to transfer discontinued commercial business to a third-party company with regulatory approval. LIMA was the first US legislation that allowed companies to acquire and manage closed blocks of non-admitted commercial insurance policies and reinsurance agreements. Some had hoped that this legislation would become a US version of the Part VII Transfer in the UK. However, because of the limitations on its use and other problematic features in the approval process it has not been viewed as a viable option for transferring blocks of business.

Building on the pioneering developments in Vermont, in 2015 Rhode Island passed legislation providing for IBTs that apply to commercial P&C run-off liabilities[[4]](#footnote-4). Then in 2018 Oklahoma passed Senate Bill 1101 “The Oklahoma Insurance Business Transfer Law” that applies to all lines of insurance.[[5]](#footnote-5) The RI and OK IBT legislation allow for transfers of some or all a company’s business to another insurer without the need for policyholder consent, through a regulatory and judicial review and approval process resulting in a court-sanctioned novation of the transferred policies, including the attaching reinsurance.

The RI and OK IBT legislation closely follow the format and processes of the UK’s Part VII transfer. Governed by state legislation and regulatory approval, and supervised by the courts, it enables insurance policies to be novated from one insurer to another insurer through a judicial approval process, without the need for individual policyholder consent. The IBT brings the transferor complete finality for the transferred policies.

Because of the non-consensual nature of the process there are checks and balances that are designed to protect the interests of policyholders. These include

* Notice to all stakeholders, including policyholders;
* Extensive financial disclosure
* Review and approval or non-objection of the chief regulators in the transferring and assuming company’s state of domicile
* An independent expert report that evaluates the impact of the transfer on affected policyholders;
* A hearing and opportunity to be heard; and
* Judicial review and approval

An important element of the IBT approval process is the review and report of the independent expert (IE) that evaluates the impact of the transfer on the affected policyholders. The selection of the IE must be approved by the regulator and key considerations include adequate independence from the transfer and having the appropriate skills and experience to act as IE. The role of the IE is to assist the regulator and the court in the decision whether to approve the transfer. The primary concern of the IE is security provided to the policyholders and whether this is affected by the transfer. The IE will consider many factors including capital strength, risk of insolvency, reserve adequacy, etc.

***How will IBTs be used? - Case studies***

The following are case studies of completed UK Part VII transfers. The IBT could be used to achieve these same objectives.

*A group reorganization*

One of the largest insurers in the UK wanted to rationalize its general insurance business. Over time it had accumulated 12 insurance entities which each required separate governance, report and accounts, and capital. The group used a UK Insurance business transfer to consolidate into a much simpler structure with three entities, including one primary entity for general insurance underwriting, an entity for legacy liabilities and a white-label carrier.

*A sale of legacy liabilities 1*

A large US insurer wished to dispose of legacy operations in the UK, but these operations were split across 4 different entities, one of which was not even part of the group. Using a UK business transfer, they were able to package all the liabilities for sale into a single entity creating a simpler proposition for a share sale and thereby maximizing value.

*A sale of legacy liabilities 2*

A large UK insurer wanted to improve its capital position by disposing of a subset of liabilities written prior to 2005. Having found a suitable purchaser, a UK Insurance Business Transfer was used to transfer the liabilities directly. The counterparties were able to coordinate their activities so that the Transfer of the sale portfolio coincided with a consolidation of the purchaser’s own entities, maximizing the efficient use of capital.

***Division Legislation***

*Corporate Division Laws*

In 2018 Connecticut was the first state to pass a corporate division law[[6]](#footnote-6) . Since then Illinois, Iowa, Georgia and Michigan have passed similar legislation. These laws bear some resemblance to the division statute included in Pennsylvania’s Business Corporations Law[[7]](#footnote-7). Unlike the Pennsylvania statute, which authorizes the division of a variety of domestic business organizations, the new division statutes are limited to the division of insurance companies.

Conceptually, the division statute is intended to act as the reverse of a merger, in that the dividing insurer separates into two or more resulting insurers, with the resulting insurers succeeding to the assets and liabilities allocated thereto by operation of law. The legislation may enable a company to restructure its business and operations into separate insurers, either to promote operational efficiencies or to position for sale to a third party. The legislation applies to any type of business and is not limited to closed blocks. Each “resulting insurer” is responsible individually for policies and other liabilities allocated to it under the plan. The plan of division cannot become effective unless it is approved by the chief insurance regulator after reasonable notice and a hearing, if the regulator determines notice and hearing are in the public interest (some states require a hearing). Although the division legislation allows a company to segregate its business, it must be followed by a sale or an IBT to achieve legal finality.

The approval process for Division legislation differs somewhat among the various states that have passed division legislation. These differences are laid out in Appendix A attached to this letter. In general, each of the statutes requires only regulatory approval for the division to occur.

***Illinois Amendment to Division Legislation***

The recent Amendment to the Illinois Division legislation demonstrates that the U.S. insurance regulatory system is and will continue to be an evolving process that responds to the needs of the market while protecting policyholders.

Even though there have not yet been transactions, two issues that have created discussion in connection with the new restructuring mechanisms are licensing requirements and related guaranty fund issues. In response to this, Illinois has passed an Amendment to its Division legislation to address this issue.[[8]](#footnote-8) The Amendment states:

The Director shall approve a plan of division unless the Director finds that:

(2.5) each new company created by the proposed division, except a new company that is a non-surviving party to a merger pursuant to subsection (b) of Section 156, that will be a member insurer of the Illinois Life and Health Insurance Guaranty Association and that will have policy liabilities allocated to it will not be licensed to do insurance business in each state where such policies were written by the dividing company;…

This demonstrates that these laws will evolve over time in the normal course of using these transfer mechanisms.

1. **Restructuring Mechanisms Subgroup Charges**

***The Restructuring Mechanisms Subgroup charges state as follows:***

1*. Consider the development of financial surveillance tools that are specifically designed for companies in runoff (companies that are no longer actively writing insurance business or collecting premiums)*

*2. Consider the need to make changes to the RBC formula to better assess the minimum surplus requirements for companies in runoff*

* 1. *3. Review the various restructuring mechanisms and develop:*
	2. *a. Minimum standards of review*
	3. *b. Minimum capital requirements*
	4. *c. Specific actuarial guidance in determining initial reserving levels*
	5. *d. Protected cell reporting requirements*
	6. *e. Proposed accreditation standards*

State insurance regulators currently have well-developed statutes, practices, and procedures to handle transfer transactions such as those that will be executed pursuant to the new restructuring mechanisms. The 1997 White Paper considered this issue and states:

One of the most difficult aspects of reviewing an LBR is determining what level of capital and surplus is adequate. In general, standard provisions of the NAIC’s Risk-Based Capital (RBC) For Insurers Model Act (the Model Act) should apply.

Unlike an on-going insurance company, run-off entities do not compete for new or renewal business. There may be other differences in the risk profile of run-off entities that could indicate the need for reassessment of the applicability of the Model Act in individual circumstances. The reserve, underwriting, and investment factors generating the majority of required RBC were developed to measure risks retained by a run-off entity. The Model Act makes specific provision for exempting a property and casualty insurer from actions to be taken at the Mandatory Control Level if that insurer is writing no business and is running-off its existing business. Under such circumstances the insurer may be allowed to continue its run-off operations with the regulatory authority’s oversight.

The issue of “runoff” was specifically addressed in the 1997 White Paper that can serve as the basis to address many of the Subgroup’s charges. The RBC framework has served regulators well for many years and the RBC Model Act specifically authorizes regulators to make necessary adjustments for runoff business.

Since the publication of the 1997 White Paper**,** there has been significant development in the application of Principle Based Reserving and the use of economic modeling to determine both capital and reserve levels for transactions. New actuarial pronouncements, such as VM 20, have been put forth by the actuarial profession. The actuarial profession is well versed and better positioned today than it was in 1997 in the use of these applications that will be used to establish capital and reserve levels for transfer transactions. Regulators and actuaries can apply these applications as appropriate, depending on the structure of the transaction.

Regulators must have the discretion to determine the capital requirements and reserve levels that are needed for the transaction before them. A one size fits all approach would unnecessarily restrict the regulator’s ability to make required adjustments and could result in adverse impacts to policyholders. Ultimately each transfer transaction must stand on its own, and regulators must have the flexibility required to respond to the requirements of each transaction.

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We appreciate the opportunity to comment on these important topics. Please let us know if you need any additional information or would like to discuss this further.

Sincerely,

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*\*Working closely with the Rhode Island Division of Insurance, Luann and Rick drafted the regulations providing for insurance business transfers in Rhode Island. Luann also worked closely with the Oklahoma Insurance Department to draft and pass the Oklahoma Insurance Business Transfer Law.*

**Appendix A**

**Certain differences among the approval process in division statutes**

**in CT, MI, IL and IA**

1. ***Notice and Public Hearing***

**CT** – Reasonable notice and public hearing if deemed by Commissioner to be in public’s interest

**MI** – Requires “reasonable notice and public hearing”. A hearing is conducted as a contested case. Requires notice of filing to each reinsurer that is a party to reinsurance contract allocated in the plan of division.

**IL** – Reasonable notice and public hearing if deemed by Director to be in public interest. Also, Director shall hold a public hearing if requested by the dividing company.

**IA** – requires Commissioner hold a public hearing prior to approving a plan of division. Also, Dividing Company must mail written notice of the hearing to the Dividing Company’s policyholders

1. ***Approval***

**CT** – Commissioner approves Plan unless finds interest of any PH or interest holder will not be adequately protected or the proposed division constitutes a fraudulent transfer.

**MI** – Director approves unless

1. interest of PHs of dividing insurer that may become PHs of a resulting insurer will not be adequately protected by the resulting insurer or acquiring party of a resulting insurer, if any;
2. after division, any resulting insurer would not be able to satisfy the requirements for the issuance of a certificate of authority;
3. division would substantially lessen competition in insurance in this state or tend to create a monopoly in this state;
4. the financial condition of an acquiring party of a resulting insurer, if any, is such that it might jeopardize the financial stability of the insurer, or prejudice the interest of its PHs or the interests of a remaining shareholder that is unaffiliated with the acquiring party;
5. the terms of the plan of division are unfair and unreasonable to the dividing insurer’s PHs or shareholders;
6. an acquiring party of a resulting insurer, if any, has plans or proposals to liquidate the resulting insurer, sell its assets, or consolidate or merge the resulting insurer with a person, or to make any other material change in its business or corporate structure or management, that are unfair and unreasonable to the resulting insurer’s PHs, and not in the public interest;
7. competence, experience, and integrity of the persons who would control the operation of a resulting insurer are such that it would not be in the interest of the resulting insurer’s PHs or the general public to permit the division;
8. the division is likely to be hazardous or prejudicial to the insurance-buying public;
9. the proposed division violates the uniform voidable transactions act;
10. the division is being made for purposes or hindering, delaying or defrauding any PHs or other creditors of the dividing insurer;
11. one or more resulting insurers will not be solvent on the consummation of the division;
12. the assets allocated to one or more resulting insurers will be, on consummation of a division, unreasonably small in relation to the business and transactions in which the resulting insurer was engaged or is about to engage.

**IL** – Director approves Plan unless

1. Interest of any class of PH or shareholder of the dividing company will not be properly protected
2. Each new company created by the proposed division, except a new company that is a non-surviving party to a merger pursuant to subsection (b) of Section 156, would be ineligible to receive a license to do insurance business in the State;
3. The proposed division violates a provision of the Uniform Fraudulent Transfer Act;
4. The division is being made for purposed of hindering, delaying, or defrauding any policyholders or other creditors of the dividing company;
5. One or more resulting companies will not be solvent upon the consummation of the division; or
6. The remaining assets of one or more resulting companies will be, upon consummation of a division, unreasonably small in relation to the business and transactions in which the resulting insurer was engaged or is about to engage.

**IA** - Director may approve Plan if all the following apply

1. The interest of policyholders, creditors or shareholders of the Dividing Company will be adequately protected and the plan of division is not unfair or unreasonable to policyholders or contrary to the public interest;
2. the financial condition of the Resulting Companies will not jeopardize the financial stability of a Dividing Company or the Resulting Companies or prejudice the interests of their policyholders;
3. all Resulting Companies will be qualified and eligible to receive a certificate of authority to transact insurance in Iowa;
4. the division does not violate a provision of the Iowa Voidable Transfers Act;
5. the division is not being made for the purpose of hindering, delaying or defrauding any policyholders or other creditors;
6. all Resulting Companies will be solvent when the division becomes effective; and
7. the assets of a Resulting Company will not be unreasonably small in relation to its business.
1. Available at <https://www.pwc.com/gx/en/industries/financial-services/publications/global-insurance-run-off-survey.html>

2Available at https://www.investmentnews.com/article/20180523/FREE/180529954/insurers-are-selling-off-old-annuity-business-x2014-what-advisers#.XOqq\_sdVQOY.email [↑](#footnote-ref-1)
2. [↑](#footnote-ref-2)
3. Vermont Insurance Code T. 8 Section 7111, et seq. [↑](#footnote-ref-3)
4. Rhode Island Insurance Regulation 68 [↑](#footnote-ref-4)
5. Section 1681 of Title 36 [↑](#footnote-ref-5)
6. House Bill 7025; Public Act No. 17-2 [↑](#footnote-ref-6)
7. 15 Pa.C.S. Sections 361 to 368 [↑](#footnote-ref-7)
8. Amendment to Senate Bill 1377 [↑](#footnote-ref-8)