

Chapter Ins 40

INSURANCE HOLDING COMPANY SYSTEM REGULATION

Subchapter I—Insurance Holding Company Standards

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Note: The annual registration requirements under this chapter first apply after December 31, 1993.

Subchapter I—Insurance Holding Company Standards

Ins 40.01 Definitions. In this chapter, unless the context otherwise requires:

(1) “Acquiring person” means each person by whom or on whose behalf a merger or other acquisition of control is to be effected.

(2) “Affiliate” has the meaning provided under s. 600.03 (1), Stats.

(3) “Commissioner” means the commissioner of insurance of this state, the deputy commissioner, or the office of the commissioner of insurance of this state, as appropriate.

(4) “Control” has the meaning provided under s. 600.03 (13), Stats.

(4m) “Enterprise risk” has the meaning provided under s. 617.12 (1), Stats.

(5) “Executive officer” means chief executive officer, chief operating officer, chief financial officer, treasurer, secretary, controller, and any other individual performing functions corresponding to those performed by one of those positions under whatever title.

(5g) “Group capital calculation instructions” means the group capital calculation instructions as adopted by the NAIC and as amended by the NAIC in accordance with the procedures adopted by the NAIC.

(5m) “Group-wide supervisor” means the regulatory official who is authorized to conduct and coordinate group-wide supervision activities and who is determined or acknowledged by the commissioner to have sufficient significant contacts with the internationally active insurance group.

(6) “Insurance holding company system” means 2 or more persons who are affiliates, one or more of which is an insurer.

(7) “Insurer” has the meaning provided under s. 600.03 (27), Stats., except that it does not include agencies, authorities or instrumentalities of the United States, its possessions and territories, the Commonwealth of Puerto Rico, the District of Columbia, or a state or political subdivision of a state.

(7m) “Internationally active insurance group” means an insurance holding company system that includes an insurer registered consistent with s. Ins 40.03 and all the following:

(a) Premiums written in at least three countries.

(b) The percentage of gross premiums written outside the United States is at least 10 percent of the insurance holding company's total gross written premiums.

(c) Based on a 3-year rolling average, either the total assets of the insurance holding company system are at least \$50 billion, or the total gross written premiums of the insurance holding company system are at least \$10 billion.

(7p) “Lead state” means the state as determined by state insurance regulators pursuant to the procedures within the Financial Analysis Handbook adopted by the NAIC.

(7s) “NAIC” means the national association of insurance commissioners.

(7w) “NAIC liquidity stress test framework” or “framework” means a NAIC publication which includes a history of the NAIC's development of regulatory liquidity stress testing, the scope criteria applicable for a specific data year, and the liquidity stress test instructions and reporting templates for a specific data year, such scope criteria, instructions, and reporting template as adopted by the NAIC and as amended by the NAIC in accordance with the procedures adopted by the NAIC.

(7y) “Person” means an individual, a corporation, a limited liability company, a partnership, an association, a joint stock company, a trust, an unincorporated organization, any similar entity, or any combination of the foregoing acting in concert, but does not include any joint venture partnership exclusively engaged in owning, managing, leasing, or developing real or tangible personal property.

(8) “Policyholder surplus” means capital and surplus.

(8m) “Scope criteria” means the designated exposure bases along with minimum magnitudes thereof for the specified data year that is used to establish a preliminary list of insurers that are considered scoped into the NAIC liquidity stress test framework for that data year, as detailed in the NAIC liquidity stress test framework.

(9) “Security holder” means a person who owns any security of a person, including, but not limited to, common stock, preferred stock, debt obligations or any other security convertible into or evidencing the right to acquire stock or debt obligations.

(10) “State of domicile” means the state where an insurer is domiciled or, for an alien insurer, its port of entry state.

(11) “Subsidiary” of a person means a person which is controlled, directly or indirectly through one or more intermediaries, by the first person.

(12) “Ultimate controlling person” means a person who is not controlled by any other person.

(13) “Voting security” includes, but is not limited to, any security convertible into or evidencing a right to acquire a voting security.

History: Cr. Register, July, 1993, No. 451, eff. 8-1-93; correction in (12) made under s. 13.93 (2m) (b) 12., Stats., Register, June, 1997, No. 498; CR 14-071: cr. (4m), am. (7) Register August 2015 No. 716, eff. 9-1-15; CR 19-013: cr. (5m), (7m) Register April 2020 No. 772, eff. 5-1-20; correction in (7m) (c) made under s. 35.17,

Stats., Register April 2020 No. 772; CR 21-106: cr. (5g), (7p), (7s), (7w), (7y), (8m) Register July 2022 No. 799, eff. 8-1-22.

Ins 40.02 Acquisition of control of or merger with domestic insurer or divestiture of the shares of a domestic insurer. (1) FILING REQUIREMENTS. (a) Except as provided under par. (b), no person, other than the insurer, may:

1. Make a tender offer for, request or invitation for, tenders of, divestiture of, or enter into any agreement to exchange securities for, seek to acquire, or acquire, in the open market or otherwise, any voting security of a domestic insurer if after the consummation of the offer, request, invitation, agreement or acquisition, the person would, directly or indirectly, or by conversion or by exercise of any right to acquire, be in control of the insurer; or

2. Enter into an agreement to merge with or otherwise to acquire or attempt to acquire control of a domestic insurer or any person having control of a domestic insurer.

(b) A person is not subject to par. (a), only if:

1. The person first files the information required under sub. (2) and, if applicable, the person files a pre-acquisition notification, which shall contain the information set forth in s. Ins 40.025 with the commissioner and sends a copy of the information to the domestic insurer; and

2. The offer, request, invitation, agreement or acquisition has been approved by the commissioner under ss. 611.72, 611.73, 612.21, 612.22, 613.72, or 614.73, and 617.21, Stats.

(c) Any controlling person of a domestic insurer seeking to divest its controlling interest in the domestic insurer, in any manner, shall file with the commissioner, with a copy to the insurer, confidential notice of its proposed divestiture at least 30 days prior to the cessation of control. The commissioner shall determine those instances in which the party or parties seeking to divest or to acquire a controlling interest in an insurer, will be required to file for and obtain approval of the transaction. The information shall remain confidential until the conclusion of the transaction unless the commissioner, in his or her discretion determines that confidential treatment will interfere with enforcement of this section. If the statement referred to in sub. (2) is otherwise filed, this paragraph shall not apply.

(d) For purposes of this section "domestic insurer" includes any person having control of a domestic insurer. This section does not apply to a person who is a securities broker holding, in the usual and customary securities broker's function, less than 20% of the voting securities of an insurer or of any person which controls an insurer.

(2) CONTENT OF STATEMENT. Except as provided under sub. (5), a person required to file under sub. (1) shall file the following information, using form A in the appendix to this chapter, in a sworn statement:

(a) For each acquiring person:

1. The acquiring person's name and address;

2. If the acquiring person is an individual, his or her principal occupation and all offices and positions held during the past 5 years, any conviction of crimes other than traffic violations not involving death or injury during the past 10 years and all relevant information regarding any occupational license or registration; and

3. If the acquiring person is not an individual, a report of the nature of its business operations during the past 5 years or for the lesser period that the acquiring person and any predecessors of the acquiring person have been in existence, if shorter, an informative description of the business intended to be done by the acquiring person and the acquiring person's subsidiaries, and a list of all individuals who are or who have been selected to become directors or executive officers of the acquiring person, or who perform or will perform functions similar to those positions. The list shall

include for each individual the information required by subds. 1. and 2.

(b) The source, nature, and amount of the consideration used or to be used in effecting the merger or other acquisition of control, a description of any transaction from which funds were or are to be obtained for that purpose, including any pledge of the insurer's stock, or the stock of any of its subsidiaries or affiliates which control the insurer, the criteria used in determining the nature and amount of consideration and the identity of persons furnishing the consideration.

(c) Fully audited financial information as to the earnings and financial condition of each acquiring person for the preceding 5 fiscal years of each acquiring person or for the period the acquiring person and any predecessors of the acquiring person have been in existence, if shorter, and similar unaudited information as of a date not earlier than 90 days prior to the filing of the statement.

(d) Any plans or proposals which any acquiring person is considering to liquidate, to sell assets of, or to merge or consolidate the insurer or to make any other material change in the insurer's business or corporate structure or management.

(e) The number of shares of any security which each acquiring person proposes to acquire; the terms of the offer, request, invitation, agreement, or acquisition; and a statement as to the method by which the fairness of the proposal was determined.

(f) The amount of each class of any security which is beneficially owned or concerning which there is a right to acquire beneficial ownership by any acquiring person.

(g) A full description of any contracts, arrangements, or understandings with respect to any security in which any acquiring person is involved, including, but not limited to, transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. The description shall identify the persons with whom the contracts, arrangements or understandings have been entered into.

(h) A description of the purchase of any security of the entity to be acquired during the 12 calendar months preceding the filing of the statement by any acquiring person, including the dates of purchase, names of the purchasers, and consideration paid or agreed to be paid.

(i) A description of any recommendations to purchase any security made during the 12 calendar months preceding the filing of the statement by any acquiring person, or by anyone at the suggestion of the acquiring person.

(j) Copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, or agreements to acquire or exchange any securities, and, if distributed, of additional soliciting material relating to those offers, requests, invitations, or agreements.

(k) The term of any agreement, contract or understanding made with or proposed to be made with any broker-dealer as to solicitation of securities for tender, and the amount of any fees, commissions or other compensation to be paid to broker-dealers relating to the solicitation.

(L) An agreement by the person required to file the statement referred to in sub. (1) that it will provide the annual report specified in s. Ins 40.03 (9) for so long as control exists.

(m) An acknowledgement by the person required to file the statement referred to in sub. (1) that the person and all subsidiaries within its control in the insurance holding company system will provide information to the commissioner upon request as necessary to evaluate enterprise risk to the insurer.

(2m) VIOLATIONS. Whenever it appears to the commissioner that any person has committed a violation of this chapter which prevents the full understanding of the enterprise risk to the insurer by affiliates or by the insurance holding company system, the vio-

lation may serve as an independent basis for disapproving dividends or distributions and for placing the insurer under summary orders in accordance with s. 645.21, Stats.

(3) **PARTNERS AND STOCKHOLDERS.** If the person required to file under sub. (1) is a partnership, limited partnership, syndicate, or other group, the commissioner may require that the information required under sub. (2) be given with respect to each partner of the partnership or limited partnership, each member of the syndicate or group, and each person who controls the partner or member. If any partner, member, or person is a corporation or the person required to file under sub. (1) is a corporation, the commissioner may require that the information required under sub. (2) be given with respect to the corporation, each officer and director of the corporation, and each person who is directly or indirectly the beneficial owner of more than 10% of the outstanding voting securities of the corporation.

(4) **MATERIAL CHANGES.** A person required to file under sub. (1) shall file an amendment to the filing if any material change occurs in the facts set forth in a statement previously filed with the commissioner. The person shall include in the amendment a description of the change and copies of all documents and other material relevant to the change. The amendment shall be filed with the commissioner and sent to the insurer within 2 business days after the person learns of the change.

(5) **ALTERNATIVE FILING MATERIALS.** If any offer, request, invitation, agreement, or acquisition is proposed to be made by means of a registration statement under the Securities Act of 1933 or in circumstances requiring the disclosure of information under the Securities Exchange Act of 1934, or under a state law requiring similar registration or disclosure, the person required to file information under sub. (1) may utilize those documents to furnish the information required to be filed under sub. (2).

(6) **CONSOLIDATED HEARING.** If an applicant requests a hearing on a consolidated basis under s. 611.72 or 611.73, Stats., and the commissioner approves a hearing on a consolidated basis, in addition to filing the form A with the commissioner, the applicant shall file a copy of form A with the National Association of Insurance Commissioners in electronic form.

History: Cr. Register, July, 1993, No. 451, eff. 8-1-93; CR 14-071: r. and recr. Register August 2015 No. 716, eff. 9-1-15; s. 35.17 correction in (6) Register August 2015 No. 716.

Ins 40.025 Acquisitions Involving Insurers Not Otherwise Covered. (1) **DEFINITION.** In this section, "acquisition" means any agreement, arrangement, or activity the consummation of which results in a person acquiring directly or indirectly the control of another person, and includes the acquisition of voting securities and the acquisition of assets, bulk reinsurance, and mergers.

(2) **SCOPE.** This section shall apply to any acquisition in which there is a change in control of an insurer authorized to do business in this state, except for the following:

(a) A purchase of securities solely for investment purposes so long as the securities are not used by voting or otherwise to cause or attempt to cause the substantial lessening of competition in any insurance market in this state. If a purchase of securities results in a presumption of control under s. 600.03 (13), Stats., it is not solely for investment purposes unless the commissioner of the insurer's state of domicile accepts a disclaimer of control or affirmatively finds that control does not exist and the disclaimer action or affirmative finding is communicated by the domiciliary commissioner to the commissioner of this state.

(b) The acquisition of a person by another person when both persons are neither directly nor through affiliates primarily engaged in the business of insurance, if pre-acquisition notification is filed with the commissioner in accordance with sub. (3) 30 days prior to the proposed effective date of the acquisition. However, such pre-acquisition notification is not required if the acquisition would be otherwise excluded under sub. (2).

(c) The acquisition of already affiliated persons.

(d) An acquisition if, as an immediate result of the acquisition any of the following apply:

1. In no market would the combined market share of the involved insurers exceed 5% of the total market, or

2. There would be no increase in any market share, or

3. In no market would the combined market share of the involved insurers exceed 12% of the total market and the market share would not increase by more than 2% of the total market. For the purpose of par. (d), a market means direct written insurance premium in this state for a line of business as contained in the annual statement required under s. Ins 50.20 (1).

(e) An acquisition for which a pre-acquisition notification would be required pursuant to this section due solely to the resulting effect on the ocean marine insurance line of business.

(f) An acquisition of an insurer whose domiciliary commissioner affirmatively finds that the insurer is in failing condition; there is a lack of feasible alternative to improving such condition; the public benefits of improving the insurer's condition through the acquisition exceed the public benefits that would arise from not lessening competition; and the findings are communicated by the domiciliary commissioner to the commissioner of this state.

(3) **PRE-ACQUISITION NOTIFICATION.** Any person seeking a merger or acquisition, that is not otherwise exempted under sub. (2) that results in a change of control of an insurer authorized to do business in this state shall file a pre-acquisition notification in a sworn statement using form E in the appendix to this chapter. The person being acquired may file the pre-acquisition notification.

(a) The commissioner may require such additional material and information as deemed necessary to determine whether the proposed acquisition, if consummated, would violate the competitive standard of sub. (4). The required information may include an opinion of an economist as to the competitive impact of the acquisition in this state accompanied by a summary of the education and experience of such person indicating his or her ability to render an informed opinion.

(b) The waiting period required in this subsection shall begin on the date of receipt of the commissioner of a pre-acquisition notification and shall end on the earlier of the thirtieth day after the date of receipt, or termination of the waiting period by the commissioner. Prior to the end of the waiting period, the commissioner on a one-time basis may require the submission of additional needed information relevant to the proposed acquisition, in which event the waiting period shall end on the earlier of the thirtieth day after receipt of the additional information by the commissioner or termination of the waiting period by the commissioner.

(4) **COMPETITIVE STANDARD.** (a) The commissioner may disapprove an acquisition if there is substantial evidence that the effect of the acquisition may be to substantially lessen competition in any line of insurance in this state or tend to create a monopoly or if the insurer fails to file adequate information in compliance with sub. (3). In this subsection, a highly concentrated market is one in which the share of the 4 largest insurers is 75% or more of the market. Percentages not shown in the tables in this subsection are interpolated proportionately to the percentages that are shown. If more than 2 insurers are involved, exceeding the total of the two columns in the table is prima facie evidence of violation of the competitive standard in this subsection. For the purpose of this item, the insurer with the largest share of the market shall be deemed to be Insurer A.

(b) In determining whether a proposed acquisition would violate the competitive standard of par. (a) of this subsection, the commissioner shall consider the following:

1. Any acquisition covered under sub. (2) involving 2 or more insurers competing in the same market is prima facie evidence of violation of the competitive standards if:

a. The market is highly concentrated and the involved insurers possess the following shares of the market:

Insurer A	Insurer B
4%	4% or more
10%	2% or more
15% or more	1% or more

b. Or, the market is not highly concentrated and the involved insurers possess the following shares of the market:

Insurer A	Insurer B
5%	5% or more
10%	4% or more
15%	3% or more
19% or more	1% or more

2. There is a significant trend toward increased concentration when the aggregate market share of any grouping of the largest insurers in the market, from the 2 largest to the 8 largest, has increased by 7% or more of the market over a period of time extending from any base year 5 to 10 years prior to the acquisition up to the time of the acquisition. Any acquisition or merger covered under sub. (2) involving 2 or more insurers competing in the same market is prima facie evidence of violation of the competitive standard in par. (a) of this subsection if:

a. There is a significant trend toward increased concentration in the market.

b. One of the insurers involved is one of the insurers in a grouping of large insurers showing the requisite increase in the market share; and

c. Another involved insurer's market is 2% or more.

3. For the purposes of this subsection:

a. The term "insurer" includes any company or group of companies under common management, ownership, or control;

b. The term "market" means the relevant product and geographical markets. In determining the relevant product and geographical markets, the commissioner shall give due consideration to, among other things, the definitions or guidelines, if any, promulgated by the National Association of Insurance Commissioners and to information, if any, submitted by parties to the acquisition. In the absence of sufficient information to the contrary, the relevant product market is assumed to be the direct written insurance premium for a line of business, such line being that used in the annual statement required to be filed by insurers doing business in this state, and the relevant geographical market is assumed to be this state;

c. The burden of showing prima facie evidence of violation of the competitive standard rests upon the commissioner.

4. Even if an acquisition is not prima facie violative of the competitive standard under par. (a), the commissioner may establish the requisite anticompetitive effect based upon other substantial evidence. Even if an acquisition is prima facie violative of the competitive standard under par. (a), a party may establish the absence of the requisite anticompetitive effect based upon other substantial evidence. Relevant factors in making a determination under this subdivision include, but are not limited to, the following: market shares, volatility of ranking of market leaders, number of competitors, concentration, trend of concentration in the industry, and ease of entry and exit into the market.

(c) The commissioner may approve the acquisition if the public benefits of the acquisition exceed the public benefits which would arise from not lessening competition.

History: CR 14-071: cr. Register August 2015 No. 716, eff. 9-1-15; s. 35.17 correction in (1), (4) (b) 2., 4. Register August 2015 No. 716.

Ins 40.03 Registration. (1) REGISTRATION. (a) Except as provided under par. (b), every insurer which is authorized to do business in this state and which is a member of an insurance holding company system, and every person having or attempting to

acquire control of such an insurer, shall register with the commissioner.

(b) This subsection does not apply to a person, foreign insurer or alien insurer which is exempt from registration under s. 617.11 (2), Stats., unless otherwise ordered by the commissioner. An insurer may register on behalf of a person having or attempting to acquire control of the insurer or on behalf of an insurer which is an affiliate of the insurer. Lack of knowledge that an insurer has not registered on behalf of the person or affiliate or that the registration is incomplete or inaccurate is not a defense for the person or affiliate.

(2) TIME FOR FILING. Any person which is subject to registration under this section shall register within 15 days after it becomes subject to registration, and annually by June 1 of each subsequent year for the immediately preceding calendar year, unless the commissioner for good cause shown extends the time for registration, and then within the extended time.

(3) INFORMATION AND FORM REQUIRED. Every person subject to registration shall file the registration statement with the commissioner on the forms and in a format prescribed under s. Ins 40.15, and it shall contain the following information which is current on the date of filing:

(a) The capital structure, general financial condition, ownership, and management of the insurer and any person having control of the insurer;

(b) The identity and relationship of every member of the insurance holding company system except affiliates whose total assets are less than the lesser of .5% of the total assets of the ultimate controlling person or \$10 million;

(c) The following agreements in force, and transactions currently outstanding or which have occurred during the immediately preceding calendar year between the insurer and its affiliates:

1. Loans, extensions of credit, other investments, or purchases, sales or exchanges of securities of the affiliates by the insurer or of the insurer by its affiliates;

2. Purchases, sales, or exchange of assets;

3. Transactions not in the ordinary course of business;

4. Guarantees or undertakings for the benefit of an affiliate which result in an actual contingent exposure of the insurer's assets to liability, other than insurance contracts entered into in the ordinary course of the insurer's business;

5. All management agreements, exclusive agent agreements, service contracts and all cost-sharing arrangements;

6. Reinsurance agreements;

7. Dividends and other distributions to shareholders; and

8. Consolidated tax allocation agreements.

(d) Any pledge of the insurer's stock, including stock of any subsidiary or affiliate having control of the insurer, for a loan made to any member of the insurance holding company system;

(e) If requested by the commissioner, the insurer shall include financial statements, as prepared in the ordinary course of its business, of or within an insurance holding company system, including all affiliates. Financial statements may include, but are not limited to, annual audited financial statements filed with the U.S. Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended. An insurer required to file financial statements pursuant to this paragraph may satisfy the request by providing the commissioner with the most recently filed parent corporation financial statements that have been filed with the Securities and Exchange Commission;

(f) Other matters concerning transactions between registered insurers and any affiliates as may be included from time to time in any registration forms adopted or approved by the commissioner;

(g) Statements that the insurer's board of directors oversees corporate governance and internal controls and that the insurer's

officers or senior management have approved, implemented, and continue to maintain and monitor corporate governance and internal control procedures;

(h) Any other information required by the commissioner by rule or regulation.

(4) **SUMMARY OF CHANGES TO REGISTRATION STATEMENT.** All registration statements shall contain a summary on form C contained in the appendix to this chapter outlining all items in the current registration statement representing changes from the prior registration statement.

(5) **MATERIALITY.** No information need be disclosed on the registration statement required under this section if the information is not material for the purposes of this section. Any transaction related to a management, exclusive agency or similar agreement or which is a service contract or cost-sharing arrangement is a material transaction. Any other transaction subject to sub. (3) is a material transaction if it involves or exposes to risk in a single transaction or group or series of related transactions an amount which is more than .5% of the insurer's admitted assets as of the 31st day of December of the immediately preceding calendar year, unless the commissioner by order provides otherwise. The definition of materiality provided in this subsection does not apply for purposes of the group capital calculation or the liquidity stress test framework.

(6) **AFFILIATE TO PROVIDE INFORMATION.** A person within an insurance holding company system which includes an insurer subject to registration shall provide to the insurer any information which is reasonably necessary to enable the insurer to comply with this chapter and ch. 617, Stats. The person shall provide complete and accurate information.

(7) **CONSOLIDATED FILING.** The commissioner may require or allow 2 or more insurers which are affiliates subject to registration to file a consolidated registration statement.

(8) **DISCLAIMER.** Any person may file with the commissioner a disclaimer of affiliation with any authorized insurer or a disclaimer may be filed by the insurer or any member of an insurance holding company system. The disclaimer shall fully disclose all material relationships and bases for affiliation between the person and the insurer as well as the basis for disclaiming affiliation. A disclaimer of affiliation shall be deemed to have been granted unless the commissioner, within 30 days following receipt of a complete disclaimer, notifies the filing party the disclaimer is disallowed. In the event of disallowance, the disclaiming party may request an administrative hearing, which shall be granted. The disclaiming party shall be relieved of its duty to register under this section if approval of the disclaimer has been granted by the commissioner, or if the disclaimer is deemed to have been approved.

(9) **ENTERPRISE RISK FILINGS.** (a) *Enterprise risk reports.* Except as provided in par. (c), the ultimate controlling person of every insurer subject to registration shall file an annual enterprise risk report on form F in the appendix of this chapter. The report shall, to the best of the ultimate controlling person's knowledge and belief, identify the material risks within the insurance holding company system that could pose enterprise risk to the insurer. The report shall be filed with the lead state commissioner of the insurance holding company system. The time for filing the first enterprise risk report shall be June 1, 2015, or 30 days after the effective date of this rule, whichever date is later. Thereafter, the enterprise risk report shall be filed annually by June 1 for the immediately preceding calendar year. An applicant for an acquisition of control of an insurer under s. Ins 40.02 shall file an enterprise risk report within 15 days after the end of the month in which the acquisition of control occurs.

(b) *Confidentiality.* Sections 19.31 to 19.37, Stats., do not apply to an insurer's annual enterprise risk report or to any information submitted to the commissioner in connection with an insurer's annual enterprise risk report and the report shall not be subject to subpoena, discovery or be admissible in evidence in any

private civil action. The commissioner shall only share an insurer's annual enterprise risk report, and any information requested by the commissioner in connection with an insurer's annual enterprise risk report, with commissioners of states having statutes or regulations substantially similar to this subsection and who have agreed in writing not to disclose such information. For purposes of the information reported and provided to the commissioner pursuant to this paragraph and s. 617.13 (1), Stats., the information is confidential under s. 617.13 (2), Stats. The commissioner shall maintain the confidentiality of the group capital calculation and group capital ratio produced within the calculation and any group capital information received from an insurance holding company supervised by the Federal Reserve Board or any U.S. group wide supervisor pursuant to s. 617.13 (2), Stats.

(c) *Waiver of filing enterprise risk report.* The commissioner may grant a waiver from the requirements in par. (a) if the ultimate controlling person demonstrates that compliance with par. (a) would impose an undue financial or organizational hardship on the ultimate controlling person. The commissioner may order an ultimate controlling person otherwise exempted under this paragraph to file an enterprise risk report if an insurer subject to registration is not in compliance with applicable risk-based capital or compulsory and security surplus requirements or is otherwise in hazardous condition as determined by the commissioner.

(d) *Group capital calculation filing.* Except as otherwise provided in this paragraph, the ultimate controlling person of every insurer subject to registration shall concurrently file with the registration an annual group capital calculation as directed by the lead state commissioner. The report shall be completed in accordance with the NAIC group capital calculation instructions, which may permit the lead state commissioner to allow a controlling person that is not the ultimate controlling person to file the group capital calculation. The report shall be filed with the lead state commissioner of the insurance holding company system. Insurance holding company systems described below are exempt from filing the group capital calculation:

1. An insurance holding company system that has only one insurer within its holding company structure, that only writes business and is only licensed in its domestic state and assumes no business from any other insurer.

2. An insurance holding company system that is required to perform a group capital calculation specified by the United States Federal Reserve Board. The lead state commissioner shall request the calculation from the Federal Reserve Board under the terms of information sharing agreements in effect. If the Federal Reserve Board cannot share the calculation with the lead state commissioner, the insurance holding company system is not exempt from the group capital calculation filing.

3. An insurance holding company system whose non-U.S. group-wide supervisor is located within a reciprocal jurisdiction as described in s. Ins 52.01 (4), that recognizes the U.S. state regulatory approach to group supervision and group capital.

4. An insurance holding company system:

a. That provides information to the lead state that meets the requirements for accreditation under the NAIC financial standards and accreditation program, either directly or indirectly through the group-wide supervisor, who has determined such information is satisfactory to allow the lead state to comply with the NAIC group supervision approach, as detailed in the NAIC Financial Analysis Handbook.

b. Whose non-U.S. group-wide supervisor that is not in a reciprocal jurisdiction recognizes and accepts, as specified in s. Ins 40.21, the group capital calculation as the world-wide group capital assessment for U.S. insurance groups who operate in that jurisdiction.

5. Notwithstanding the provisions of subds. 3. and 4., a lead state commissioner shall require the group capital calculation for U.S. operations of any non-U.S. based insurance holding com-

pany system where, after any necessary consultation with other supervisors or officials, it is deemed appropriate by the lead state commissioner for prudential oversight and solvency monitoring purposes or for ensuring the competitiveness of the insurance marketplace.

6. Notwithstanding the exemptions from filing the group capital calculation stated in subds. 1. to 4., the lead state commissioner has the discretion to exempt the ultimate controlling person from filing the annual group capital calculation or to accept a limited group capital filing or report in accordance with criteria as specified in s. Ins 40.21.

7. If the lead state commissioner determines that an insurance holding company system no longer meets one or more of the requirements for an exemption from filing the group capital calculation under this paragraph, the insurance holding company system shall file the group capital calculation at the next annual filing date unless given an extension by the lead state commissioner based on reasonable grounds shown.

(e) *Liquidity stress test.* The ultimate controlling person of every insurer subject to registration and scoped into the NAIC liquidity stress test framework shall file the results of a specific year's liquidity stress test with the lead state insurance commissioner in accordance with the following requirements:

1. The NAIC liquidity stress test framework includes scope criteria applicable to a specific data year. These scope criteria are reviewed at least annually by the financial stability task force or its successor. Any change to the NAIC liquidity stress test framework or to the data year for which the scope criteria are to be measured shall be effective on January 1 of the year following the calendar year when such changes are adopted. All of the following apply with regard to the liquidity stress test:

a. Insurers meeting at least one threshold of the scope criteria are considered scoped into the NAIC liquidity stress test framework for the specified data year unless the lead state commissioner, in consultation with the NAIC financial stability task force or its successor, determines the insurer should not be scoped into the framework for that data year.

b. Insurers that do not trigger at least one threshold of the scope criteria are considered scoped out of the NAIC liquidity stress test framework for the specified data year, unless the lead state commissioner, in consultation with the NAIC financial stability task force or its successor, determines the insurer should be scoped into the framework for that data year.

c. Regulators wish to avoid having insurers scoped in and out of the NAIC liquidity stress test framework on a frequent basis. The lead state commissioner, in consultation with the NAIC financial stability task force or its successor, will assess this concern as part of the determination for an insurer.

2. The performance of, and filing of the results from, a specific year's liquidity stress test shall comply with the NAIC liquidity stress test framework's instructions and reporting templates for that year and any lead state commissioner determinations, in conjunction with the NAIC financial stability task force or its successor, provided within the framework.

3. For purposes of the information reported and provided to the lead state commissioner pursuant to par. (e), the information is confidential under s. 617.13 (2), Stats. The lead state commissioner shall maintain the confidentiality of the liquidity stress test results and supporting disclosures and any liquidity stress test information received from an insurance holding company supervised by the Federal Reserve Board and non-U.S. group wide supervisors in accordance with s. 617.13 (2), Stats.

(f) *Prohibition from publication of results.* The group capital calculation and resulting group capital ratio required under par. (d) and the liquidity stress test along with its results and supporting disclosures required under par. (e) are regulatory tools for assessing group risks and capital adequacy and group liquidity risks, respectively, and are not intended as a means to rank insurers or

insurance holding company systems generally. Therefore, except as otherwise permitted by law, the making, publishing, disseminating, circulating or placing before the public, or causing directly or indirectly to be made, published, disseminated, circulated or placed before the public in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter or poster, or over any radio or television station or any electronic means of communication available to the public, or in any other way as an advertisement, announcement or statement containing a representation or statement with regard to the group capital calculation, group capital ratio, the liquidity stress test results, or supporting disclosures for the liquidity stress test of any insurer or any insurer group, or of any component derived in the calculation by any insurer, broker, or other person engaged in any manner in the insurance business would be misleading and is therefore prohibited; provided, however, that if any materially false statement with respect to the group capital calculation, resulting group capital ratio, an inappropriate comparison of any amount to an insurer's or insurance group's group capital calculation or resulting group capital ratio, liquidity stress test result, supporting disclosures for the liquidity stress test, or an inappropriate comparison of any amount to an insurer's or insurance group's liquidity stress test result or supporting disclosures is published in any written publication and the insurer is able to demonstrate to the commissioner with substantial proof the falsity of such statement or its inappropriateness, then the insurer may publish announcements in a written publication if the sole purpose of the announcement is to rebut the materially false statement.

History: Cr. Register, July, 1993, No. 451, eff. 8-1-93; CR 14-071: r. and recr. Register August 2015 No. 716, eff. 9-1-15; s. 35.17 correction in (9) (a) Register August 2015 No. 716; **CR 21-106: am. (5), (9) (title), (a), (b), cr. (9) (c) (title), (d) to (f) Register July 2022 No. 799, eff. 8-1-22.**

Ins 40.04 Standards for transactions within an insurance holding company system. (1) **TRANSACTIONS WITHIN AN INSURANCE HOLDING COMPANY SYSTEM.** An insurer, or affiliate of an insurer, which is required to register under s. Ins 40.03 may not enter directly or indirectly into a transaction between the insurer and the affiliate unless the insurer and affiliate:

(a) Comply with s. 617.21 (1), Stats., and sub. (6);

(b) Expenses incurred and payment received for the transaction are allocated to the insurer in conformity with customary insurance accounting practices consistently applied; and

(c) The books, accounts and records of each party to the transaction clearly and accurately disclose the nature and details of the transaction including the accounting information which is necessary to support the reasonableness of the charges or fees to the respective parties.

(2) **TRANSACTIONS REQUIRED TO BE REPORTED AND SUBJECT TO DISAPPROVAL.** A domestic insurer, and a person attempting to acquire control of a domestic insurer, or an affiliate of a domestic insurer, which directly or indirectly is involved in or benefits from, a transaction, shall report, under s. 617.21 (2), Stats., each of the following transactions, including amendments or modifications of transactions previously filed pursuant to this section, which are subject to any materiality standards contained in pars. (a) to (f), to the commissioner in writing at least 30 days before the domestic insurer enters into the transaction, unless the commissioner in writing approves a shorter period. The notice for amendments or modifications shall include the reasons for the change and the financial impact on the domestic insurer. Informal notice shall be reported to the commissioner within 30 days after termination of a previously filed agreement, if termination is other than according to the terms of the agreement as filed, and the commissioner shall determine the type of filing required, if any. Transactions required to be reported and subject to disapproval include each of the following:

(a) Sales, purchases, exchanges, loans, extensions of credit, guarantees, or investments involving the domestic insurer and an

affiliate or a person attempting to acquire control of the domestic insurer if the transactions are equal to or exceed the lesser of 2% of the domestic insurer's admitted assets or 10% of policyholder surplus as of the 31st day of December of the immediately preceding calendar year. All guarantees which are unlimited or not quantifiable as to amount are subject to the reporting requirements of this subsection;

(b) Loans or extensions of credit or guarantees to any person who is not an affiliate, where the domestic insurer makes loans, extensions of credit or guarantees with the agreement or understanding that the proceeds of the transactions or benefit of the guarantees, in whole or in significant part, directly or indirectly, are to be used to make loans or extensions of credit to, to purchase assets of, or to make investments in, any affiliate of the domestic insurer making the loans, extensions of credit, or guarantee, or any person attempting to acquire control of the insurer, if the transactions are equal to or exceed the lesser of 2% of the domestic insurer's admitted assets or 10% of policyholder surplus as of the 31st day of December of the immediately preceding calendar year. All guarantees which are unlimited or not quantifiable as to amount are subject to the reporting requirements of this subsection;

(c) Reinsurance agreements, including reinsurance pooling arrangements, or modifications to reinsurance agreements, which involve a domestic insurer and either an affiliate or a person attempting to acquire control of the domestic insurer in which the reinsurance premium, the projected reinsurance premium or a change in the insurer's liabilities in any of the next three years equals or exceeds 5% of the insurer's policyholder surplus, as of the 31st day of December of the immediately preceding calendar year, including, but not limited to, those agreements which may require as consideration the transfer of assets from an insurer to a nonaffiliate, if an agreement or understanding exists between the insurer and nonaffiliate that any portion of the assets will be transferred to one or more affiliates of the insurer;

(d) All management agreements, exclusive agency agreements, service contracts, tax allocation agreements, or cost-sharing arrangements which involve a domestic insurer and either an affiliate or a person attempting to acquire control of the domestic insurer. All agreements under this paragraph entered into after the effective date of this rule shall, at a minimum and as applicable, contain all of the following:

1. Identify the person providing services and the nature of such services.
2. Set forth the methods to allocate costs.
3. Require timely settlement, not less frequently than on a quarterly basis, and compliance with the requirements in the Accounting Practices and Procedures Manual.
4. Prohibit advancement of funds by the insurer to the affiliate except to pay for services defined in the agreement. This subdivision does not prohibit loans or capital transactions that involve a domestic insurer and an affiliate that are otherwise permitted by statute or rule.
5. State that the insurer will maintain oversight for functions provided to the insurer by the affiliate and that the insurer will monitor services annually for quality assurance.
6. Define books and records of the insurer to include all books and records developed or maintained under or related to the agreement.
7. Specify that all books and records of the insurer are and remain the property of the insurer and are subject to control of the insurer.
8. State that all funds and invested assets of the insurer are the exclusive property of the insurer, held for the benefit of the insurer and are subject to the control of the insurer.
9. Include standards for termination of the agreement with and without cause.

10. Include provisions for indemnification of the insurer in the event of gross negligence or willful misconduct on the part of the affiliate providing the services.

11. Specify that, if the insurer is placed in delinquency proceedings or seized by the commissioner under ch. 645., Stats.:

a. All of the rights of the insurer under the agreement extend to the receiver or commissioner.

b. All books and records will immediately be made available to the receiver or the commissioner, and shall be turned over to the receiver or commissioner immediately upon the receiver or the commissioner's request.

12. Specify that the affiliate has no automatic right to terminate the agreement if the insurer is placed in receivership pursuant to ch. 645, Stats.

13. Specify that the affiliate will continue to maintain any systems, programs, or other infrastructure notwithstanding a delinquency proceeding or seizure by the commissioner under chapter 645, Stats., and will make them available to the receiver, for so long as the affiliate continues to receive timely payment for services.

(e) A transaction not in the ordinary course of business which involves a domestic insurer and either an affiliate of, or a person attempting to acquire control of, a domestic insurer and which involves or exposes to risk an amount equal to or exceeding the lesser of 2% of the domestic insurer's admitted assets or 10% of policyholder surplus as of the 31st day of December of the immediately preceding calendar year; and

(f) Any material transactions which the commissioner requires to be reported by order.

(3) **ILLEGAL TRANSACTIONS NOT AUTHORIZED.** This section does not authorize or permit any transaction which would be otherwise contrary to law.

(4) **GROUP OR SERIES OF RELATED TRANSACTIONS.** For the purpose of applying sub. (2), a group or series of related transactions shall be treated as if they are a single transaction.

(5) **SUBTERFUGE PROHIBITED.** A domestic insurer, person attempting to acquire control of a domestic insurer, person having control of a domestic insurer or affiliate of a domestic insurer may not enter into transactions which are part of a group or series of transactions if the purpose of those separate transactions is to attempt to avoid a threshold amount under this chapter.

(6) **DISAPPROVAL.** Transactions subject to reporting under sub. (2) may be disapproved by the commissioner under s. 617.21 (3), Stats. No person may enter into or assent to a transaction that is disapproved by the commissioner or which is subject to reporting under sub. (2) but not reported.

(7) **INSURER MAY REPORT ON BEHALF OF AFFILIATE OR PERSON ATTEMPTING TO ACQUIRE CONTROL.** A domestic insurer may file a report under sub. (2) on behalf of its affiliate or of the person attempting to acquire control of the insurer. Lack of knowledge that an insurer has not reported on behalf of the affiliate or person or that the report is incomplete or inaccurate is not a defense for the affiliate or person attempting to acquire control of the insurer.

History: Cr. Register, July, 1993, No. 451, eff. 8-1-93; CR 14-071: r. and recr. Register August 2015 No. 716, eff. 9-1-15; s. 35.17 correction in (2) Register August 2015 No. 716.

Ins 40.05 Privileged information. The information required to be filed with the commissioner under to ss. Ins 40.02, 40.025, 40.07, and 40.08, is required pursuant to s. 601.42, Stats., and is subject to s. 601.465, Stats.

History: Cr. Register, July, 1993, No. 451, eff. 8-1-93; CR 14-071: am. Register August 2015 No. 716, eff. 9-1-15; CR 19-013: am. Register April 2020 No. 772, eff. 5-1-20.

Ins 40.07 Designation of the group-wide supervisor of internationally active insurance groups. (1) (a) The commissioner is authorized to act as the group-wide supervisor for any internationally active insurance group in accordance

with this section. The commissioner may acknowledge that another regulatory official is a more appropriate group-wide supervisor when the internationally active insurance group meets any of the following requirements:

1. Does not have substantial insurance operations in the United States.
2. Has substantial insurance operations in the United States, but not in Wisconsin.
3. Has substantial insurance operations in the United States and Wisconsin, but the commissioner has determined pursuant to the factors set forth in sub. (2) and s. Ins 40.08 (2), that another regulatory official is the appropriate group-wide supervisor.

(b) An insurance holding company system that does not qualify as an internationally active insurance group may request that the commissioner either act as the group-wide supervisor or acknowledge another regulatory official as the group-wide supervisor.

(2) When determining the appropriate group-wide supervisor, the commissioner shall consider the following factors, in cooperation with other state, federal and international regulatory officials involved with supervision of the internationally active insurance group and its members, and in consultation with the internationally active insurance group:

(a) The place of domicile of the insurers within the internationally active insurance group that hold the largest share of the group's written premiums, assets or liabilities.

(b) The place of domicile of the top-tiered insurer in the insurance holding company system of the internationally active insurance group.

(c) The location of the executive offices or largest operational offices of the internationally active insurance group.

(d) Whether the regulatory system of a regulatory official who is acting, or is interested in acting, as the group-wide supervisor is substantially similar to the laws of Wisconsin or is sufficient for group-wide supervision, enterprise risk analysis, and cooperation with other regulatory officials.

(e) Whether another regulatory official acting or seeking to act as the group-wide supervisor provides the commissioner with reasonably reciprocal recognition and cooperation.

(3) In the event of a material change in the internationally active insurance group the commissioner shall make a determination to act as the group-wide supervisor or acknowledge another regulatory official as the appropriate group-wide supervisor for the internationally active insurance group pursuant to subs. (1) and (2).

(4) The commissioner is authorized to collect from any insurer registered under s. Ins 40.03 all information necessary to determine whether the commissioner may act as the group-wide supervisor of an internationally active insurance group or acknowledge another regulatory official to act as the group-wide supervisor. Prior to issuing a determination that an internationally active insurance group is subject to group-wide supervision by the commissioner, the commissioner shall notify the insurer registered as required by s. Ins 40.03, and the ultimate controlling person within the internationally active insurance group. The internationally active insurance group shall have not less than 30 days to provide the commissioner with additional information pertinent to the pending determination. The commissioner shall publish on its Internet website the identity of internationally active insurance groups that the commissioner has determined are subject to group-wide supervision by the commissioner.

History: CR 19-013: cr. Register April 2020 No. 772, eff. 5-1-20; correction in (4) made under s. 35.17, Stats., Register April 2020 No. 772.

Ins 40.08 Duties of the group-wide supervisor.

(1) If the commissioner is the group-wide supervisor for an internationally active insurance group, the commissioner is

authorized to engage in any of the following group-wide supervision activities:

(a) Assess the enterprise risks within the internationally active insurance group to ensure the following:

1. The material financial condition and liquidity risks to the members of the internationally active insurance group that are engaged in the business of insurance are identified by management.

2. Reasonable and effective risk mitigation measures are in place.

(b) Request information necessary and appropriate to assess enterprise risk from any member of an internationally active insurance group subject to the commissioner's supervision, including information about the members of the internationally active insurance group regarding the following:

1. Governance, risk assessment and management.

2. Capital adequacy.

3. Material intercompany transactions.

(c) Coordinate and compel, through the authority of the regulatory officials of the jurisdictions where members of the internationally active insurance group are domiciled, the development and implementation of reasonable measures designed to ensure that the internationally active insurance group is able to timely recognize and mitigate enterprise risks to members of such internationally active insurance group that are engaged in the business of insurance.

(d) Communicate with other state, federal and international regulatory agencies for members within the internationally active insurance group and share relevant information subject to the confidentiality provisions in s. Ins 40.05, and through supervisory colleges under s. 617.215, Stats.

(e) Enter into agreements with, or obtain documentation from, any insurer registered under s. Ins 40.03, any member of the internationally active insurance group, and any other state, federal and international regulatory agencies for members of the internationally active insurance group, providing the basis for or otherwise clarifying the commissioner's role as group-wide supervisor, including provisions for resolving disputes with other regulatory officials. Such agreements or documentation shall not serve as evidence in any proceeding that any insurer or person within an insurance holding company system not domiciled or incorporated in Wisconsin is doing business in Wisconsin or is otherwise subject to the jurisdiction of Wisconsin.

(f) Other group-wide supervision activities, consistent with the authorities and purposes enumerated above, as considered necessary by the commissioner.

(2) If the commissioner acknowledges that another regulatory official from a jurisdiction that is not accredited by the NAIC is the group-wide supervisor, the commissioner is authorized to reasonably cooperate, including through supervisory colleges, with group-wide supervision undertaken by the group-wide supervisor, when the following provisions are met:

(a) The commissioner's cooperation is in compliance with the laws of Wisconsin.

(b) The regulatory official acknowledged as the group-wide supervisor also recognizes and cooperates with the commissioner's activities as a group-wide supervisor for other internationally active insurance groups where applicable. Where such recognition and cooperation is not reasonably reciprocal, the commissioner is authorized to refuse recognition and cooperation.

(3) The commissioner is authorized to enter into agreements with, or obtain documentation from, any insurer registered as required by s. Ins 40.03, any affiliate of the insurer, and other state, federal and international regulatory agencies for members of the internationally active insurance group that provide the basis for or

otherwise clarify a regulatory official's role as group-wide supervisor.

History: CR 19-013: cr., Register April 2020 No. 772, eff. 5-1-20.

Ins 40.09 Insurer's duty to pay reasonable expenses. An insurer registered under s. Ins 40.03 that is also subject to ss. Ins 40.07 to 40.08 shall pay, pursuant to s. Ins 16.01 (6) (d), the reasonable expenses of the commissioner's participation in the administration of the internationally active group, including any of the following:

(1) The commissioner's expenses from the engagement of attorneys, actuaries and any other professionals.

(2) The commissioner's reasonable travel expenses.

History: CR 19-013: cr. Register April 2020 No. 772, eff. 5-1-20; renun. (1) to Ins 40.09 (intro.) under s. 13.92 (4) (b) 1., Stats., and s. 35.17 correction in (intro.) made under s. 35.17, Stats., Register April 2020 No. 772.

Subchapter II—Insurance Holding Company Systems—Reporting Forms

Ins 40.11 Instructions. (1) **GENERAL.** Forms A, B, C, D, E, and F contained in the appendix to this chapter are intended to be guides in the preparation of the statements required by subch. I of this chapter. They are not intended to be blank forms which are to be filled in. The statements filed shall contain the numbers and captions of all items, but the text of the items may be omitted provided the answers are prepared in such a manner as to indicate clearly the scope and coverage of the items. 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 inapplicable or the answer is in the negative, an appropriate statement to that effect shall be made.

(2) **FILING FORMAT AND PROCEDURE.** (a) One complete copy of each statement, including exhibits and all other papers and documents filed as a part of the statement, shall be filed with the commissioner. At least one of the copies shall be manually signed in the manner prescribed on the form. Unsigned copies shall be conformed. If the signature of any person is affixed pursuant to a power of attorney or other similar authority, a copy of the power of attorney or other authority shall also be filed with the statement.

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

History: Cr. Register, July, 1993, No. 451, eff. 8-1-93; CR 14-071: am. (1), (2) (a) Register August 2015 No. 716, eff. 9-1-15.

Ins 40.12 Forms—incorporation by reference, summaries and omissions. (1) **INCORPORATION BY REFERENCE.** Information required by any item of form A, form B, form D, form E, or form F 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 A, form B, form D, Form E, or form F provided the document or paper is filed as an exhibit to the statement. Excerpts of documents may be filed as exhibits if the documents are extensive. Documents currently on file with the commissioner which were filed within 3 years 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 the material is to be incorporated by reference in answer to the item. Matter shall not be incorporated by reference in any case where the incorporation would render the statement incomplete, unclear, or confusing.

(2) **SUMMARY.** Where an item requires a summary or outline of the provisions of any document, only a brief statement shall be made as to the pertinent provisions of the document. In addition to the statement, the summary or outline may incorporate by reference particular parts of any exhibit or document currently on file with the commissioner which was filed within 3 years and may be incorporated in its entirety by the reference. In any case where 2 or more documents required to be filed as exhibits are substantially identical in all material respects except as to the parties to the documents, 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 documents differ from the documents, a copy of which is filed.

History: Cr. Register, July, 1993, No. 451, eff. 8-1-93; CR 14-071: am. (1) Register August 2015 No. 716, eff. 9-1-15.

Ins 40.13 Forms—extension of time to furnish.

(1) **EXTENSION.** If it is impractical to furnish any required information, document or report at the time it is required to be filed, the person required to file shall file with the commissioner a separate document:

(a) Identifying the information, document or report in question;

(b) Stating why the filing at the time required is impractical; and

(c) Requesting an extension of time for filing the information, document or report to a specified date.

(2) **TIME TO ALLOW.** A request for extension shall be deemed granted unless the commissioner within 60 days after receipt of a complete request enters an order denying the request.

History: Cr. Register, July, 1993, No. 451, eff. 8-1-93; CR 140-071: am. (title), r. (1), renun. (2), (3) to be (1), (2) and am. (1) (intro.) Register August 2015 No. 716, ef. 9-1-16.

Ins 40.14 Forms—additional information and exhibits.

(1) **SUPPLEMENTAL INFORMATION.** In addition to the information expressly required to be included in form A, form B, form C, form D, form E, and form F contained in the appendix to this chapter, the person required to file shall add the further material information, if any, which is necessary to make the information contained in the statements accompanying the forms not misleading. The person filing may also file such exhibits as it may desire in addition to those expressly required by the statement. Those exhibits shall be so marked as to indicate clearly the subject matters to which they refer.

(2) **CHANGES.** Changes to forms A, B, C, D, E, or F shall be submitted as required under ss. Ins 40.02 (4), 40.04 (2) and 40.13 (1) and shall include on the top of the cover page the phrase: "Change No. to" and indicate the date of the change and not the date of the original filing.

History: Cr. Register, July, 1993, No. 451, eff. 8-1-93; CR 14-071: am. Register August 2015 No. 716, eff. 9-1-165.

Ins 40.15 Registration form. A person required to file a registration statement under this chapter shall furnish the required information on form B and on form C contained in the appendix to this chapter.

History: Cr. Register, July, 1993, No. 451, eff. 8-1-93; CR 14-071: am. Register August 2015 No. 716, eff. 9-1-15.

Ins 40.16 Alternative and consolidated registrations. (1) **FILING FOR AFFILIATE INSURER.** If an authorized insurer files a registration statement on behalf of an insurer which is its affiliate and which is required to register under this chapter, the

registration statement may include information which is not required by this chapter regarding any insurer in the insurance holding company system even if the insurer is not authorized to do business in this state. In lieu of filing a registration statement on form B, the authorized insurer may file a copy of the registration statement or similar report which it is required to file in its state of domicile, if:

- (a) The statement or report contains substantially similar information required to be furnished on form B; and
- (b) The filing insurer is the principal insurer in the insurance holding company system.

(2) **PRINCIPAL INSURER STATEMENT.** The question of whether the filing insurer is the principal insurer in the insurance holding company system is a question of fact. An insurer filing a registration statement or report in lieu of form B on behalf of an insurer which is its affiliate, shall set forth a brief 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) **UNAUTHORIZED INSURER.** With the prior approval of the commissioner, an unauthorized insurer may follow any of the procedures which could be done by an authorized insurer under sub. (1).

History: Cr. Register, July, 1993, No. 451, eff. 8-1-93.

Ins 40.17 Transactions subject to prior notice—notice filing. A person required to give notice of a proposed transaction under this chapter shall furnish the required information on form D.

History: Cr. Register, July, 1993, No. 451, eff. 8-1-93.

Ins 40.18 Extraordinary dividends and other distributions. Requests for approval of extraordinary dividends or any other extraordinary distribution to shareholders shall include the following:

- (1) The amount of the proposed dividend;
- (2) The date established for payment of the dividend;
- (3) A statement as to whether the dividend is to be in cash or other property and, if in property, a description of the property, its cost, and its fair market value together with an explanation of the basis for valuation;
- (4) A copy of the calculations determining that the proposed dividend is extraordinary. The calculations shall include the following information:
 - (a) The amounts, dates and form of payment of all dividends or distributions, including regular dividends but excluding distributions of the insurer's own securities, paid within the period of 12 consecutive months ending on the date fixed for payment of the proposed dividend for which approval is sought and commencing on the day after the same day of the same month in the previous calendar year;
 - (b) Policyholder surplus as of the 31st day of December of the immediately preceding calendar year;
 - (c) If the insurer is a life insurer, the net income less realized capital gains for the previous calendar year;
 - (d) If the insurer is not a life insurer, the net income less realized capital gains for the previous calendar year and the 2 calendar years preceding that calendar year; and
 - (e) If the insurer is not a life insurer, the dividends paid to stockholders excluding distributions of the insurer's own securities in the preceding 3 calendar years.
- (5) A balance sheet and statement of income for the period intervening from the last annual statement filed with the commissioner and the end of the month preceding the month in which the request for dividend approval is submitted.
- (6) A brief statement as to the effect of the proposed dividend upon the insurer's policyholder surplus and the reasonableness of policyholder surplus in relation to the insurer's outstanding liabilities

and the adequacy of policyholder surplus relative to the insurer's financial needs.

History: Cr. Register, July, 1993, No. 451, eff. 8-1-93.

Ins 40.19 Consent to jurisdiction. Any person required to file consent to jurisdiction under s. 617.11 (5), Stats., shall do so using form AA contained in the appendix to this chapter.

History: Cr. Register, July, 1993, No. 451, eff. 8-1-93; CR14-071: am. Register August 2015 No. 716, eff. 9-1-15.

Ins 40.20 Enterprise Risk Report. The ultimate controlling person of an insurer required to file an enterprise risk report pursuant to s. Ins 40.03 (9), shall furnish the required information on Form F in the appendix.

History: CR 14-071: am. Register August 2015 No. 716, eff. 9-1-15.

Ins 40.21 Group capital calculation. (1) **DISCRETIONARY ANNUAL FILING EXEMPTION.** Where an insurance holding company system has previously filed the annual group capital calculation at least once, the lead state commissioner has the discretion to exempt the ultimate controlling person from filing the annual group capital calculation if the lead state commissioner makes a determination based upon that filing that the insurance holding company system meets all of the following criteria:

(a) The insurance holding company system has annual direct written and unaffiliated assumed premium including international direct and assumed premium, but excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, of less than \$1,000,000,000.

(b) The insurance holding company system has no insurers within its holding company structure that are domiciled outside of the United States or one of its territories.

(c) The insurance holding company system has no banking, depository or other financial entity that is subject to an identified regulatory capital framework within its holding company structure.

(d) The insurance holding company system attests that there are no material changes in the transactions between insurers and non-insurers in the group that have occurred since the last filing of the annual group capital.

(e) The non-insurers within the insurance holding company system do not pose a material financial risk to the insurer's ability to honor policyholder obligations.

(2) **DISCRETIONARY LIMITED FILING.** Where an insurance holding company system has previously filed the annual group capital calculation at least once, the lead state commissioner has the discretion to accept a limited group capital filing in lieu of the group capital calculation if the insurance holding company system has annual direct written and unaffiliated assumed premium including international direct and assumed premium, but excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, of less than \$1,000,000,000; and all of the following additional criteria are met:

(a) The insurance holding company system has no insurers within its holding company structure that are domiciled outside of the United States or one of its territories.

(b) The insurance holding company system does not include a banking, depository or other financial entity that is subject to an identified regulatory capital framework.

(c) The insurance holding company system attests that there are no material changes in transactions between insurers and non-insurers in the group that have occurred since the last filing of the report to the lead state commissioner and the non-insurers within the insurance holding company system do not pose a material financial risk to the insurers ability to honor policyholder obligations.

(3) **PERIODIC FILING REQUEST.** For an insurance holding company system that has previously met an exemption with respect to the group capital calculation pursuant to sub. (1) or (2), the lead

state commissioner may require at any time the ultimate controlling person to file an annual group capital calculation, completed in accordance with the NAIC group capital calculation instructions, if any of the following criteria are met:

(a) Any insurer within the insurance holding company system is in a risk-based capital action level event as set forth in ch. Ins 51, or a similar standard for a non-U.S. insurer.

(b) Any insurer within the insurance holding company system meets one or more of the standards of an insurer deemed to be in hazardous financial condition as described in s. 623.11, 645.31, or 645.41, Stats.

(c) Any insurer within the insurance holding company system otherwise exhibits qualities of a troubled insurer as determined by the lead state commissioner based on unique circumstances including, but not limited to, the type and volume of business written, ownership and organizational structure, federal agency requests, and international supervisor requests.

(4) NON-U.S. JURISDICTION. A non-U.S. jurisdiction is considered to recognize and accept the group capital calculation if it satisfies the following criteria:

(a) With respect to s. Ins 40.03 (9) (d) 4.:

1. The non-U.S. jurisdiction recognizes the U.S. state regulatory approach to group supervision and group capital, by providing confirmation by a competent regulatory authority, in such jurisdiction, that insurers and insurance groups whose lead state is accredited by the NAIC under the NAIC accreditation program shall be subject only to worldwide prudential insurance group supervision including worldwide group governance, solvency and capital, and reporting, as applicable, by the lead state and will not be subject to group supervision, including worldwide group governance, solvency and capital, and reporting, at the level of the worldwide parent undertaking of the insurance or reinsurance group by the non-U.S. jurisdiction; or

2. Where no U.S. insurance groups operate in the non-U.S. jurisdiction, that non-U.S. jurisdiction indicates formally in writing to the lead state with a copy to the international association of insurance supervisors that the group capital calculation is an acceptable international capital standard. This will serve as the documentation otherwise required in subd. 1.

(b) The non-U.S. jurisdiction provides confirmation by a competent regulatory authority in such jurisdiction that information regarding insurers and their parent, subsidiary, or affiliated entities, if applicable, shall be provided to the lead state commissioner

in accordance with a memorandum of understanding or similar document between the commissioner and such jurisdiction, including the International Association of Insurance Supervisors Multilateral Memorandum of Understanding or other multilateral memoranda of understanding coordinated by the NAIC. The commissioner shall determine, in consultation with the NAIC committee process, if the requirements of the information sharing agreements are in force.

(5) PUBLISHED NON-U.S. JURISDICTIONS. A list of non-U.S. jurisdictions that recognize and accept the group capital calculation will be published through the NAIC committee process.

(6) PUBLISHED JURISDICTIONS. A list of jurisdictions that recognize and accept the group capital calculation pursuant to s. Ins 40.03 (9) (d) 4., is published through the NAIC committee process to assist the lead state commissioner in determining which insurers shall file an annual group capital calculation. The list will clarify those situations in which a jurisdiction is exempted from filing under s. Ins 40.03 (9) (d) 4.

(7) REQUIREMENTS FOR CERTAIN JURISDICTIONS. To assist with a determination under s. Ins 40.03 (9) (d) 5., the list will identify whether a jurisdiction that is exempted under either s. Ins 40.03 (9) (d) 3., or s. Ins 40.03 (9) (d) 4. requires a group capital filing for any U.S. based insurance group's operations in that non-U.S. jurisdiction.

(8) CONFIRMATIONS. For a non-U.S. jurisdiction where no U.S. insurance groups operate, the confirmation provided to meet the requirement of sub. (4) (a) 2., will serve as support for recommendation to be published as a jurisdiction that recognizes and accepts the group capital calculation through the NAIC committee process.

(9) LEAD STATE DETERMINATION AND JUSTIFICATION. If the lead state commissioner makes a determination pursuant to s. Ins 40.03 (9) (d) 4. that differs from the NAIC list, the lead state commissioner shall provide thoroughly documented justification to the NAIC and other states.

(10) LEAD STATE RECOMMENDATIONS. Upon determination by the lead state commissioner that a non-U.S. jurisdiction no longer meets one or more of the requirements to recognize and accept the group capital calculation, the lead state commissioner may provide a recommendation to the NAIC that the non-U.S. jurisdiction be removed from the list of jurisdictions that recognize and accept the group capital calculation.

History: CR 21-106: cr. Register July 2022 No. 799, eff. 8-1-22; correction in (3) (intro.), (b), (8) made under s. 35.17, Stats., Register July 2022 No. 799.

APPENDIX

**FORM A
STATEMENT REGARDING THE ACQUISITION OF
CONTROL OF OR MERGER WITH A
DOMESTIC INSURER**

Filed with the Office of the Commissioner of Insurance,
State of Wisconsin

Name of Domestic Insurer

By

Name of Acquiring Person (Applicant)

Filed with the insurance department of _____
(state of domicile of insurer being acquired)

Date: __, _____

Name, title, address and telephone number of individual to whom notices and correspondence concerning this statement should be addressed:

ITEM 1. INSURER AND METHOD OF ACQUISITION

State the name and address of the domestic insurer to which this application relates and briefly describe how control is to be acquired.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) State the name and address of the applicant seeking to acquire control over the insurer.

(b) If the applicant is not an individual, state the nature of its business operations for the past 5 years or for such lesser period as such person and any predecessors thereof shall have been in existence. Briefly describe the business intended to be done by the applicant and the applicant's subsidiaries.

(c) Furnish a chart or listing clearly presenting the identities of the interrelationships among the applicant and all affiliates of the applicant. Indicate in such chart or listing the percentage of voting securities of each such person which is owned or controlled by the applicant or by any other such person. If control of any person 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 of organization (e.g., corporation, trust, partnership) and the state of domicile. If court proceedings involving a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

On the biographical affidavit, include a third party background check and state the following with respect to (1) the applicant if the applicant is an individual or (2) all persons who are directors, executive officers or owners of 10% or more of the voting securities of the applicant if the applicant is not an individual.

(a) Name and business address;

(b) Present principal business activity, occupation or employment including position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on;

(c) Material occupations, positions, offices or employment during the last 5 years, giving the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on; if any such occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency, indicate such fact, the current status of such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection with the license or registration whether pending or concluded.

(d) Whether or not such person has ever been convicted in a criminal proceeding (excluding traffic violations not involving death or injury) during the last 10 years and, if so, give the date, nature of conviction, name and location of court, and penalty imposed or other disposition of the case.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) Describe the nature, source and amount of funds or other considerations used, or to be used, in effecting the merger or other acquisition of control. If any part of the same is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding or trading securities, furnish a description of the transaction, the names of the parties thereto, the relationship, if any, between the borrower and the lender, the amounts borrowed or to be borrowed, and copies of all agreements, promissory notes and security arrangements relating thereto.

(b) Explain the criteria used in determining the nature and amount of such consideration.

ITEM 5. APPLICANT'S FUTURE PLANS FOR THE INSURER

Describe any plans or proposals which the applicant may have to declare an extraordinary dividend, to liquidate the insurer, to sell the insurer's assets to or merge it with any person or persons or to make any other material change in its business operations or corporate structure or management.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

State the number of shares of the insurer's voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire; and the terms of the offer, request, invitation, agreement or acquisition; and a statement as to the method by which the fairness of the proposal was arrived at.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

State the amount of each class of any voting security of the insurer which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.

ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

Give a full description of any contracts, arrangements or understandings with respect to any voting security of the insurer in which the applicant, its affiliates or any person listed in Item 3 is

involved, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. Such description shall identify the persons with whom the contracts, arrangements or understandings have been entered into.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

Describe any purchases of any voting securities of the insurer by the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement. Include in the description the dates of purchase, the names of the purchasers, and the consideration paid or agreed to be paid therefor. State whether any shares so purchased are hypothecated.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Describe any recommendations to purchase any voting security of the insurer made by the applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the insurer for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

(a) Pursuant to s. 601.42, Stat., financial statements, exhibits, and three-year financial projections of the insurer(s) shall be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.

(b) The financial statements shall include the annual financial statements of the persons identified in Item 2(c) for the preceding 5 fiscal years (or for such lesser period as such applicant and its affiliates and any predecessors thereof shall have been in existence), and similar information covering the period from the end of such person's last fiscal year, if the information is available. The statements may be prepared either on an individual basis or, unless the commissioner otherwise requires, on a consolidated basis if consolidated statements are prepared in the usual course of business.

The annual financial statements of the applicant shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial position of the applicant and the results of its operations for the person's last fiscal year, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles prescribed or permitted under law. If the applicant is an insurer which is actively engaged in the business of insurance, the financial statements need not be certified, provided they are based on the annual statement of the person filed with the insurance department of the person's state of domicile and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of the state.

(c) File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material relating thereto, any proposed employment, consultation, advisory or management contracts concerning the insurer, annual reports to the stockholders of the insurer and the applicant for the last 2 fiscal years, and any additional documents or papers required by form A or ss. Ins 40.11 and 40.13, Wis. Adm. Code.

ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

Applicant agrees to provide, to the best of its knowledge and belief, the information required by form F within fifteen (15) days after the end of the month in which the acquisition of control occurs.

ITEM 14. SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

SIGNATURE

Pursuant to the requirements of ch. Ins 40, Wis. Adm. Code, _____ has caused this application to be duly signed on its behalf in the city of _____ and state of _____ on the day of _____.

(SEAL)

Name of Applicant

BY _____
(Name) (Title)

Attest:

(Signature of Officer)

(Title)

The undersigned deposes and says that (s)he has duly executed the attached application dated _____, for and on behalf of _____; that (s)he is the _____ of such company and _____.

(Name of Applicant)

that (s)he is authorized to execute and file such instrument.

Deponent further says that (s)he is familiar with the 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)

Subscribed and sworn to this

_____ day of _____.

Notary Public

My commission expires on _____

FORM B
INSURANCE HOLDING COMPANY SYSTEM
ANNUAL REGISTRATION STATEMENT

Filed with the Office of the Commissioner of Insurance,
State of Wisconsin

By

Name of Registrant

On behalf of following insurers

Name: _____ Address: _____

Date: _____, _____

Name, title, address and telephone number of individual 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 offices 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 among all affiliate persons within the insurance holding company system. The chart or listing 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 control. As to each person specified in the chart or listing indicate the type of organization (e.g.,—corporation, trust, partnership) and the state of domicile.

ITEM 3. THE ULTIMATE CONTROLLING PERSON

As to the ultimate controlling person in the insurance holding company system furnish the following information:

- (a) Name;
- (b) Home office address;
- (c) Principal executive office address;
- (d) The organizational structure of the person, i.e., corporation, partnership, individual, trust, etc.;
- (e) The principal business of the person;
- (f) The name and address of any person who holds or owns 10% or more of any class of voting security, the class of such security, the number of shares held of record or known to be beneficially owned, and the percentage of class so held or owned;

(g) If court proceedings involving a reorganization or liquidation are pending, indicate the title and location of the court, the nature of proceedings and the date when commenced.

ITEM 4. BIOGRAPHICAL INFORMATION

If the ultimate controlling person is a corporation, an organization, a limited liability company, or other legal entity, furnish the following information for the directors and executive officers of the ultimate controlling person: the individual's name and address, his or her principal occupation and all offices and positions held during the past 5 years, and any conviction of crimes other than traffic violations not involving death or injury. If the ultimate controlling person is an individual, furnish the individual's name and address, his or her principal occupation and all offices and positions held during the past 5 years, and any conviction of crimes other than traffic violations not involving death or injury.

ITEM 5. TRANSACTIONS AND AGREEMENTS

Briefly describe the following agreements in force, and transactions currently outstanding or which have occurred during the last calendar year between the registrant and its affiliates:

- (a) Loans, other investments, or purchases, sales or exchanges of securities of the affiliates by the Registrant or of the Registrant by its affiliates;
- (b) Purchases, sales, extensions of credit 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 agreements, exclusive agency agreements, service contracts and all cost-sharing arrangements;
- (f) Reinsurance agreements;
- (g) Dividends and other distributions to shareholders;
- (h) Consolidated tax allocation agreements; and
- (i) Any pledge of the Registrant's stock or of the stock of any subsidiary or affiliate having control of the insurer, for a loan made to any member of the insurance holding company system.

No information need be disclosed if the information is not material according to s. Ins 40.03 (5), Wis. Adm. Code.

Sales, purchases, exchanges, loans or extensions of credit, investments or guarantees involving .5% or less of the registrant's admitted assets as of the 31st day of December next preceding shall not be deemed material.

Note: Commissioner may by order provide otherwise.

The description shall be in a manner as to permit the proper evaluation thereof by the commissioner, and shall include at least the following: 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 relationship of the affiliates of the registrant.

ITEM 6. LITIGATION OR ADMINISTRATIVE PROCEEDINGS

Briefly describe 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 of its directors or executive officers is or was a party or of which the property of any such person is or was the subject; give the names of the parties and the court or agency in which the litigation or proceeding was held or is pending:

- (a) Criminal prosecutions or administrative proceedings by any government agency or authority which may be relevant to the trustworthiness of 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, receivership or other corporate reorganizations.

ITEM 7. STATEMENT REGARDING GROUP OR SERIES OF TRANSACTIONS

Furnish a statement that transactions entered into since the filing of the prior year's annual registration statement are neither part of a group or series of related or like transactions nor made for the purpose of avoiding regulatory threshold amounts and the review that might otherwise occur. Groups or series of related transactions shall be treated as single transactions.

ITEM 8. FINANCIAL STATEMENTS AND EXHIBITS

(a) Attach financial statements and exhibits to this statement as an appendix, and list under this item the financial statements and exhibits so attached.

(b) If the ultimate controlling person is a corporation, an organization, a limited liability company, or other legal entity, 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 the person's immediately preceding fiscal year.

If at the time of the initial registration, the annual financial statements for the immediately preceding 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. Such financial statements may be prepared either on an individual basis or unless the commissioner otherwise requires, on a consolidated basis if consolidated statements are prepared in the usual course of business.

Other than with respect to the foregoing, such financial statement shall be filed in a standard form and format adopted by the National Association of Insurance Commissioners unless an alternative form is accepted by the Commissioner. Documentation and financial statements filed with the Securities and Exchange Commission or audited GAAP financial statements shall be deemed to be an appropriate form and format.

Unless the commissioner otherwise permits, the annual financial statements shall be accompanied by the certificate of an independent public accountant to the effect that the 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 the insurer's state of domicile and are in accordance with requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of that state.

Any ultimate controlling person who is an individual may file personal financial statements that are reviewed rather than audited by an independent public accountant. The review shall be conducted in accordance with standards for review of personal financial statements published in the *Personal Financial Statements Guide* by the American Institute of Certified Public Accountants. Personal financial statements shall be accompanied by the inde-

pendent public accountant's Standard Review Report stating that the accountant is not aware of any material modifications that should be made to the financial statements in order for the statements to be in conformity with generally accepted accounting principles.

(c) Exhibits shall include copies of the last annual reports to shareholders of the ultimate controlling person, proxy material used by the ultimate controlling person, and any additional documents or papers required by form B or ch. Ins 40, Wis. Adm. Code.

ITEM 9. FORM C REQUIRED

A form C, Summary of Changes to Registration Statement, must be prepared and filed with this form B.

ITEM 10. SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

SIGNATURE

Pursuant to the requirements of ch. Ins 40, Wis. Adm. Code, Registrant has caused this annual registration statement to be duly signed on its behalf in the city of _____ and state of _____ on the _____ day of _____, _____.

(SEAL) _____

Name of Registrant

BY _____

(Name) (Title)

Attest:

(Signature of Officer)

(Title)

The undersigned deposes and says that (s)he has duly executed the attached annual registration statement dated _____, for and on behalf of _____;

(Name of Registrant)

that (s)he is the _____ and that (s)he is authorized

(Title of Officer)

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)

Subscribed and sworn to this

_____ day of _____, _____.

Notary Public

My commission expires on _____

FORM C
SUMMARY OF CHANGES TO REGISTRATION
STATEMENT

Filed with the office of the commissioner of insurance,
state of Wisconsin

By

Name of Registrant

On behalf of following insurers

Name:

Address:

Date: _____, _____

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 annual registration statement, form B, which are required to be filed with this form, 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 commissioner 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 described where such changes are ones which result in ownership or holdings of 10% 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 described 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 immediately 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, describe 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 immediately prior year's annual registration statement are not part of a group or series of like transactions or entered into for the purpose of avoiding reporting threshold amounts.

SIGNATURE

Signature and certification required as follows:

Pursuant to the requirements of ch. Ins 40, Wis. Adm. Code, Registrant has caused this annual summary of the registration statement to be duly signed on its behalf of the city of _____ and State of _____ on the _____ day of _____.

(SEAL) _____
Name of Registrant

BY _____
(Name) (Title)

Attest:

(Signature of Officer)

(Title)

The undersigned deposes and says that (s)he has duly executed the attached annual registration statement dated, _____ for and on behalf of; _____ that (s)he is the _____

(Title of Officer)

of such Registrant 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)

Subscribed and sworn to this

_____ day of _____, _____

Notary Public

My commission expires

FORM D
PRIOR NOTICE OF A TRANSACTION

Filed with the office of the commissioner of insurance,
state of Wisconsin
By

Name of Registrant

On behalf of following insurers

Name:

Address:

Date: _____, _____

Name, title, address and telephone number of individual to whom notices and correspondence concerning this statement should be addressed:

ITEM 1. IDENTITY OF PARTIES TO TRANSACTION

Furnish the following information for each of the parties to the transaction covered under s. 617.21 (2), Stats., and s. Ins 40.04 (2), Wis. Adm. Code:

- Name;
- Home office address;
- Principal executive office address;
- The organizational structure, i.e., corporation, partnership, individual, trust, etc.;
- A description of the nature of the parties' business operations;
- Relationship, if any, of other parties to the transaction to the insurer filing the notice, including any ownership or debtor/creditor interest by any other parties to the transaction in the insurer seeking approval, or by the insurer filing the notice for the affiliates;
- Where the transaction is with a non-affiliate, the name(s) of the affiliate(s) which will receive, in whole or in substantial part, the proceeds of the transaction.

ITEM 2. DESCRIPTION OF THE TRANSACTION

Furnish the following information for each transaction for which notice is being given:

- A statement as to whether notice is being given under s. Ins 40.04 (2) (a), (b), (c), (d), (e) or (f);
- A statement of the nature of the transaction; and

(c) A statement of how the transaction meets the “fair and reasonable” standard of s. 617.21, Stats.; and

(d) The proposed effective date of the transaction.

ITEM 3. SALES, PURCHASES, EXCHANGES, LOANS, EXTENSIONS OF CREDIT, GUARANTEES OR INVESTMENTS

Furnish a brief description of the amount and source of funds, securities, property or other consideration for the sale, purchase, exchange, loan, extension of credit, guarantee, or investment. Describe any provision for purchase of the insurer filing notice, by any party to the transaction, or by any affiliate of the insurer filing notice. Give a description of the terms of any securities being received, if any, and a description of any other agreements relating to the transaction such as contracts or agreements for services, consulting agreements and the like. If the transaction involves other than cash, furnish a description of the consideration, its cost and its fair market value, together with an explanation of the basis for evaluation.

If the transaction involves a loan, extension of credit or a guarantee, furnish a description of the maximum amount which the insurer will be obligated to make available under such loan, extension of credit or guarantee, the date on which the credit or guarantee will terminate, and any provisions for the accrual of or deferral of interest.

If the transaction involves an investment, guarantee or other arrangement, state the time period during which the investment, guarantee or other arrangement will remain in effect, together with any provisions for extensions or renewals of such investments, guarantees or arrangements. Furnish a brief statement as to the effect of the transaction upon the insurer’s policyholder surplus.

No notice need be given if the maximum amount which can at any time be outstanding or for which the insurer can be legally obligated under the loan, extension of credit or guarantee is less than (a) in the case of nonlife insurers, the lesser of 2% of the insurer’s admitted assets or 10% of policyholder surplus or (b) in the case of life insurers, the lesser of 2% of the insurer’s admitted assets or 10% of policyholder surplus, each as of the 31st day of December of the immediately preceding calendar year.

ITEM 4. LOANS, EXTENSIONS OF CREDIT, OR GUARANTEES TO OR FOR A NONAFFILIATE

If the transaction involves a loan, extension of credit, or guarantee to any person who is not an affiliate, furnish a brief description of the agreement or understanding whereby the proceeds of the proposed transaction, in whole or in substantial part, are to be used to make loans or extensions of credit to, to purchase the assets of, or to make investments in, any affiliate of the insurer making such loans, extensions of credit, or guarantee. Specify in what manner the proceeds are to be used to loan to, extend credit to, purchase assets of or make investments in any affiliate. Describe the amount and source of funds, securities, property or other consideration for the loan or extension of credit and, if the transaction is one involving consideration other than cash, describe its cost and its fair market value together with an explanation of the basis for evaluation. Furnish a brief statement as to the effect of the transaction upon the insurer’s policyholder surplus.

No notice need be given if the loan or extension of credit is one which equals less than the lesser of 2% of the insurer’s admitted assets or 10% of policyholder surplus as of the 31st day of December of the immediately preceding calendar year.

ITEM 5. REINSURANCE

If the transaction is a reinsurance agreement or modification thereto, or a reinsurance pooling agreement or modification thereto as described in s. Ins 40.04 (2) (c), furnish a description of the known and estimated amount of liability to be ceded or assumed in each calendar year, the period of time during which the agreement will be in effect, and a statement whether an agreement or understanding exists between the insurer and nonaffiliate to the effect that any portion of the assets constituting the consideration for the agreement will be transferred to one or more of the insurer’s affiliates.

Furnish a brief description of the consideration involved in the transaction and a brief statement as to the effect of the transaction upon the insurer’s policyholder surplus.

No notice need be given for reinsurance agreements or modifications thereto if the reinsurance premium or the change in the insurer’s liabilities, or the projected reinsurance premium or change in the insurer’s liabilities in any of the next three years, in connection with the reinsurance agreement or modification thereto is less than 5% of the insurer’s policyholder surplus, as of the 31st day of December of the immediately preceding calendar year. Notice shall be given for all reinsurance pooling agreements including modifications thereto.

ITEM 6. MANAGEMENT AGREEMENTS, SERVICE AGREEMENTS AND COST-SHARING ARRANGEMENTS

For management and service agreements, furnish:

(a) A brief description of the managerial responsibilities, or services to be performed;

(b) A brief description of the agreement, including a statement of its duration, together with brief descriptions of the basis for compensation and the terms under which payment or compensation is to be made.

For cost-sharing arrangements, furnish:

(a) A brief description of the purpose of the agreement;

(b) A description of the period of time during which the agreement is to be in effect;

(c) A brief description of each party’s expenses or costs covered by the agreement;

(d) A brief description of the accounting basis to be used in calculating each party’s costs under the agreement;

(e) A brief statement as to the effect of the transaction upon the insurer’s policyholder surplus;

(f) A statement regarding the cost allocation methods that specifies whether proposed charges are based on “cost or market.” If market based, rationale for using market instead of cost, including justification for the company’s determination that amounts are fair and reasonable; and

(g) A statement regarding compliance with the *NAIC Accounting Practices and Procedure Manual* regarding expense allocation.

ITEM 7. TRANSACTIONS NOT IN THE ORDINARY COURSE OF BUSINESS

Provide a brief but complete description of any transaction not in the ordinary course of business.

ITEM 8. OTHER TRANSACTIONS REPORTABLE UNDER AN ORDER

Provide a brief but complete description of any transaction reportable under an order.

ITEM 9. SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

SIGNATURE

Pursuant to the requirements of ch. Ins 40, Wis. Adm. Code, _____ has caused this notice to be duly signed on its behalf in the city of _____ and state of _____ on the _____ day of _____, ____.

(SEAL) _____
Name of Registrant

BY _____
(Name) (Title)

Attest:

(Signature of Officer)

(Title)

The undersigned deposes and says that (s)he has duly executed the attached notice dated _____, for and on behalf of _____; and that s(he) is the _____
(Name of Registrant)

_____, and that s(he) is authorized to execute and _____
(Title of Officer)

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)

Subscribed and sworn to this _____ day of _____, _____
Notary Public
My commission expires _____

FORM E
RE-ACQUISITION NOTIFICATION FORM
REGARDING THE POTENTIAL COMPETITIVE
IMPACT OF A PROPOSED MERGER OR
ACQUISITION BY A NON-DOMICILIARY INSURER
DOING BUSINESS IN THIS STATE OR BY A
DOMESTIC INSURER

Filed with the Office of the Commissioner of Insurance,
State of Wisconsin

Name of Applicant

Name of Other Person
Involved in Merger or
Acquisition

Dated: _____, 20____
Name, title, address and telephone number of person completing this statement:

ITEM 1. NAME AND ADDRESS

State the names and addresses of the persons who hereby provide notice of their involvement in a pending acquisition or change in corporate control.

ITEM 2. NAME AND ADDRESSES OF AFFILIATED COMPANIES

State the names and addresses of the persons affiliated with those listed in Item 1. Describe their affiliations.

ITEM 3. NATURE AND PURPOSE OF THE PROPOSED MERGER OR ACQUISITION

State the nature and purpose of the proposed merger or acquisition.

ITEM 4. NATURE OF BUSINESS

State the nature of the business performed by each of the persons identified in response to Item 1 and Item 2.

ITEM 5. MARKET AND MARKET SHARE

State specifically what market and market share in each relevant insurance market the persons identified in Item 1 and Item 2 currently enjoy in this state. Provide historical market and market share data for each person identified in Item 1 and Item 2 for the

past five years and identify the source of such data. Provide a determination as to whether the proposed acquisition or merger, if consummated, would violate the competitive standards of the state as stated in s. Ins 40.025 (4) Wis. Adm. Code. If the proposed acquisition or merger would violate competitive standards, provide justification of why the acquisition or merger would not substantially lessen competition or create a monopoly in the state.

For purposes of this question, market means direct written insurance premium in this state for a line of business as contained in the annual statement required to be filed by insurers licensed to do business in this state.

FORM F
ENTERPRISE RISK REPORT

Filed with the Office of the Commissioner of Insurance,
State of Wisconsin
By _____

Name of Registrant/Applicant
On behalf of/related to the following insurers

Name Address
Date: _____

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 s. Ins 40.01 (4m), Wis. Adm. Code, provided such information is not disclosed in the Insurance Holding Company System Annual Registration Statement filed on behalf of itself 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 percent (10%) 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 the next 12 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, could adversely affect the insurance holding company system.

The Registrant/Applicant may attach the appropriate form most recently filed with the U.S. 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 U.S., 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.

FORM AA

CONSENT TO JURISDICTION STATEMENT

Filed with the office of the commissioner of insurance,
of the state of Wisconsin
BY

Name of Affiliate

On Behalf of the Following Insurers

Name Address

Date: _____, 20____

Name, Title, Address and Telephone Number of Individual to Whom Notices and Correspondence Concerning this Statement Should be Addressed:

CONSENT TO JURISDICTION

The, (I), _____, an affiliate of _____
(Affiliate) (Insurer)

an insurer authorized to do business in the state of Wisconsin, pursuant to the requirements of ch. 617, Stats., do hereby consent to the jurisdiction of the Commissioner of Insurance and the courts of the state of Wisconsin.

SIGNATURE

_____ has caused this statement to be

(Name of Affiliate)

duly signed

on its behalf in the city of _____ and state of _____

on the _____ day of _____, 20____

(Name of Affiliate)

(SEAL)

BY _____

(Name)

(Title)

Attest:

(Signature of Officer)

(Title)

CERTIFICATION

The undersigned deposes and says that he or she has duly executed the attached statement dated _____, 20____, for and on behalf of _____ that he or

(Name of Affiliate)

she is the _____ of such company,

(Title of Officer)

and that he or she is authorized to execute and file such instrument. Deponent further says that he or she is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his or her knowledge and belief.

(Signature) _____

(Type or print name beneath) _____

Subscribed and sworn to this

_____ day of _____,

Notary Public

My commission expires _____