

Secretary of the State File Number

6400

Regulation of the

Insurance Department
Concerning

Insurance Holding Company Act

Regulations adopted after July 1, 2013, become effective upon posting to the Connecticut eRegulations System, or at a later date if specified within the regulation.

Posted to the Connecticut eRegulations System on **February 28, 2024**

EFFECTIVE DATE

February 28, 2024

Approved by the Attorney General on

September 29, 2023

Approved by the Legislation Regulation Review Committee on

December 19, 2023

Electronic copy with agency head certification statement electronically submitted to and received by the Office of the Secretary of the State on

February 21, 2024

Form ICM-ECOPY (NEW 6/2015)
State of Connecticut
Secretary of the State



IMPORTANT NOTICE FOR CONNECTICUT STATE AGENCIES
This form should be used only for regulations first noticed on and after March 23, 2015.

Electronic Copy Certification Statement

(Submitted in accordance with the provisions of section 4-172 of the Connecticut General Statutes)

Regulation of the
Insurance Department
Concerning
Insurance Holding Company Act

Approved by the Legislative Regulation Review Committee: **December 19, 2023**

eRegulations System Tracking Number: **PR2022-038**

I hereby certify that the electronic copy of the above-referenced regulation submitted herewith to the Secretary of the State is a true and accurate copy of the regulation approved in accordance with sections 4-169 and 4-170 of the *Connecticut General Statutes*.

And I further certify that in accordance with the approval of Legislative Regulation Review Committee, all required technical corrections, page substitutions and deletions, if any, have been incorporated into said regulation.

In testimony whereof, I have hereunto
set my hand on **February 21, 2024**.

A handwritten signature in blue ink, appearing to read "A. Mais", written over a horizontal line.

Andrew N. Mais
Commissioner
Insurance Department

**State of Connecticut
Regulation of
Insurance Department
Concerning
Insurance Holding Company Act**

Section 1. Sections 38a-138-1 and 38a-138-2 of the Regulations of Connecticut State Agencies are amended to read as follows:

Sec. 38a-138-1. Forms - general requirements

(a) Sections 38a-138-1 to 38a-138-16, inclusive, and the forms prescribed in the Appendixes A, B, C, D, E and F of sections 38a-138-1 to 38a-138-16, inclusive, of the Regulations of Connecticut State Agencies are intended to implement the provisions of the Connecticut Insurance Holding Company System Regulatory Act, sections 38a-129 to 38a-140, inclusive, of the Connecticut General Statutes. Appendix A of sections 38a-138-1 to 38a-138-16, inclusive, of the Regulations of Connecticut State Agencies contains “Form A” (Statement Regarding the Acquisition of Control of or Merger With a Domestic Insurer); Appendix B of sections 38a-138-1 to 38a-138-16, inclusive, of the Regulations of Connecticut State Agencies contains “Form B” (Insurance Holding Company System Annual Registration Statement); Appendix C of sections 38a-138-1 to 38a-138-16, inclusive, of the Regulations of Connecticut State Agencies contains “Form C” (Summary of Changes to Registration Statement); Appendix D of sections 38a-138-1 to 38a-138-16, inclusive, of the Regulations of Connecticut State Agencies contains “Form D” (Prior Notice of a Transaction) and "Form D-1" (Prior Notice Of Dividends On Common Stock And Other Distributions); Appendix E of sections 38a 138-1 to 38a-138-16, inclusive, of the Regulations of Connecticut State Agencies contains “Form E” (Pre-Acquisition Notification Form Regarding Potential Competitive Impact Of A Proposed Merger Or Acquisition By A Non-Domiciliary Insurer Doing Business In This State Or By A Domestic Insurer); and Appendix F of sections 38a-138-1 to 38a-138-16, inclusive, of the Regulations of Connecticut State Agencies contains “Form F” (Enterprise Risk Report). These forms are intended to be guides in the preparation of the statements required by sections 38a-130, 38a-135, and 38a-136 of the Connecticut General Statutes; they are not intended to be blank forms which are to be filled in. Each form, when filed, shall contain the numbers and captions of all items, but the text of the items may be omitted provided the answers thereto 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 thereto is in the negative, an appropriate statement to that effect shall be made.

(b) [A complete submission of Forms A and E, including exhibits, and all other documents filed as a part thereof, shall be filed as follows:

1. The original documents manually signed with two paper copies thereof, and
2. An electronic copy of the original documents filed via a DVD, thumb drive, or other media acceptable to the Commissioner.

These electronic and paper copy documents shall be filed with the Commissioner by personal delivery addressed to:

State of Connecticut Insurance Department

153 Market Street (7th Floor)

Hartford, CT 06103

Attention: Financial Analysis Unit, Financial Regulation Division

or, by U.S. mail addressed to:

State of Connecticut, Insurance Department

P.O. Box 816 Hartford, CT 06142-0816

Attn: Financial Analysis Unit, Financial Regulation Division]

(1) A complete submission of Forms A, B, C, D, D-1, E, and F, including exhibits, and all other papers and documents filed as a part thereof, shall be electronically filed with the Commissioner via electronic mail to: CID.FinRegFilings@ct.gov. The subject field of the [email] electronic mail and all file names [must] shall include the following information in this order and manner:

[A.] (A) Filing type (Form).

[B.] (B) NAIC Number and legal entity name, or Group Number and group name, as appropriate.

[C.] (C) Document name (Additional, as needed).

[D.] (2) If the electronic filing is larger than 15mb, the submission shall be transmitted to the State of Connecticut Insurance Department Financial Regulation Division via secure electronic means acceptable to the Commissioner, or filed electronically via DVD, thumb drive, or other media acceptable to the Commissioner, and shall be sent by personal delivery addressed to: [or U.S. mail to the address utilized for Forms A and E filings.]

State of Connecticut Insurance Department

153 Market Street (7th Floor)

Hartford, CT 06103

Attention: Financial Analysis Unit, Financial Regulation Division

or, by U.S. mail addressed to:

State of Connecticut, Insurance Department

P.O. Box 816 Hartford, CT 06142-0816

Attn: Financial Analysis Unit, Financial Regulation Division

[E.] (3) Submissions requiring a signature shall be manually signed in the manner prescribed on the Form. Biographical supplements [must] shall be included in a separate electronic document so that appropriate confidentiality may be maintained. If the signature of any person is affixed pursuant to a power of attorney or other similar authority, a copy of such power of attorney or other similar authority shall also be filed with the statement.

(c) If an applicant requests a hearing on a consolidated basis under section 38a-132(b)(3) of the Connecticut General Statutes, the applicant shall follow all of the Form A and E filing procedures in subsection (b) of this section, and shall file a copy of the Form A with the National Association of Insurance Commissioners (NAIC) in electronic form.

(d) All electronic [or paper copy] submissions of any Form, statement, financial statements, or exhibits shall be clear, easily readable, and of suitable quality for printing [and photocopying]. Debits in credit categories and credits in debit categories shall be designated so as to be clearly distinguishable as such on submissions. Forms and statements shall be made 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 certified translation into the English language and any monetary value shown in a foreign currency normally shall be converted into United States currency.

Sec. 38a-138-2. Forms - incorporation by reference, summaries and omissions

(a) Information required by any item of Form A, Form B, Form D, Form D-1, 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 D-1, Form E or Form F, provided such 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 three years of the filing of the present documents need not be attached as exhibits. References to information contained in exhibits or in documents already on file shall clearly identify the material and shall specifically indicate that such material is to be incorporated by reference in answer to the item. Matter shall not be incorporated by reference in any case where such incorporation would render the statement incomplete, unclear or confusing.

(b) Where an item requires a summary or outline of the provisions of any document, only a brief statement shall be made as to the pertinent provisions of the document. In addition to such 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 three years of] not more than three years before the filing of the statement and may be qualified in its entirety by such reference. In any case where two or more documents required to be filed as exhibits are substantially identical in all material respects except as to the parties thereto, the dates of execution, or other details, a copy of only one of such 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.

Sec. 2 Section 38a-138-13 of the Regulations of Connecticut State Agencies is amended to read as follows:

Sec. 38a-138-13. Transactions subject to prior notice -- notice filing

(a) An insurer required to give notice of a proposed transaction pursuant to section 38a-136 of the Connecticut General Statutes shall furnish the required information on Form D (Appendix D of sections 38a-138-1 to 38a-138-16, inclusive, of the Regulations of Connecticut State Agencies).

(b) Agreements for cost sharing services and management services shall at a minimum and as applicable:

- (1) Identify the person providing the service 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 NAIC 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;
- (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[;] that are otherwise the property of the insurer, in whatever form maintained, including, but not limited to, claims and claim files, policyholder lists, application files, litigation files, premium records, rate books, underwriting manuals, personnel records, financial records, or similar records within the possession, custody, or control of the affiliate;
- (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;] and:
 - (A) Are subject to control of the insurer;
 - (B) Are identifiable;
 - (C) Are segregated from all other persons' books and records or are readily capable of segregation at no additional cost to 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 and for any actions by the affiliate that violate provisions of the agreement required in subdivision (11) to (15), inclusive, of this subsection;
- (11) Specify that, if the insurer is placed in receivership or seized by the Commissioner under Chapter 704c of the Connecticut General Statutes:
 - (A) All of the rights of the insurer under the agreement extend to the receiver or Commissioner; [and]
 - (B) [All books and records will immediately be available to the receiver or the Commissioner, and shall be turned over to the receiver or Commissioner immediately upon the receiver's or the Commissioner's request;] All books and records of the insurer shall be identifiable and segregated from all other persons' books and records or readily capable of segregation at no additional cost to the receiver or the Commissioner;
 - (C) A complete set of books and records shall be made immediately available to the receiver or Commissioner, be made available in a usable form and be turned over to the receiver or Commissioner immediately upon the receiver's or Commissioner's request, and the cost to transfer data to the receiver or Commissioner shall be fair and reasonable; and

(D) The affiliate shall make available all employees essential to the operations of the insurer and the services associated therewith for the immediate continued performance of the essential services ordered or directed by the receiver or Commissioner;

(12) Specify that the affiliate has no automatic right to terminate the agreement if the insurer is placed in supervision, seizure, conservatorship, or receivership pursuant to Chapter 704c of the Connecticut General Statutes; [and]

(13) Specify that the affiliate [will] shall continue to maintain any systems, programs or other infrastructure notwithstanding [a] supervision, seizure, conservatorship, or receivership by the Commissioner under Chapter 704c of the Connecticut General Statutes, and will make them available to the receiver or Commissioner as ordered or directed by the receiver or Commissioner, for as long as the affiliate continues to receive timely payment for post-receivership services rendered[.] and unless released by the receiver, Commissioner or supervising court;

(14) Specify that the affiliate shall provide the essential services for a minimum period of time as specified in the agreement after termination of the agreement, if the insurer is placed into supervision, seizure, conservatorship, or receivership pursuant to Chapter 704c of the Connecticut General Statutes, as ordered or directed by the receiver or Commissioner. Performance of the essential services will continue to be provided without regard to pre-receivership unpaid fees, so long as the affiliate continues to receive timely payment for post-receivership services rendered, and unless released by the receiver, Commissioner, or supervising court; and

(15) Specify that, in furtherance of the cooperation between the receiver and the affected guaranty association or associations and subject to the receiver's authority over the insurer, if the insurer is placed into supervision, seizure, conservatorship or receivership pursuant to pursuant to Chapter 704c of the Connecticut General Statutes, and portions of the insurer's policies or contracts are eligible for coverage by one or more guaranty associations, the affiliate's commitments under subdivision (11) to (15), inclusive, of this subsection shall extend to such guaranty association(s).

R-39 Rev. 02/2012

Statement of Purpose

The purpose of this proposed regulation is to remove the paper filing requirement for Form A and Form E submissions and to broaden the electronic filing requirements in order to permit the Department to utilize technological advancements where appropriate. The other purpose of this proposed regulation is to adopt the most recent version of the National Association of Insurance Commissioners (NAIC) model regulation. Such version, and these proposed changes, require data and records to be identifiable and capable of segregation making them available to the receiver in the event of insolvency. The proposed changes also extend the rights of the insurer to the receiver or guaranty fund in the event of insolvency, and requires the affiliate to make essential personnel available.

IMPORTANT NOTICE FOR CONNECTICUT STATE AGENCIES

This form is to be used for proposed permanent and technical amendment regulations only and must be completed in full.

AGENCY CERTIFICATION**Connecticut Insurance Department**

Proposed Regulation Concerning

Insurance Holding Company ActeRegulations System Tracking Number **PR2022-038****I hereby certify the following:**

(1) The above-referenced **regulation** is proposed pursuant to the following statutory authority or authorities: **Conn. Gen. Stat. § 38a-138.**

For technical amendment regulations proposed without a comment period, complete #2 below, then skip to #8.

(2) As permitted by Section 4-168(h) of the *Connecticut General Statutes*, the agency elected to proceed without prior notice or hearing and posted the text of the proposed technical amendment regulation on eRegulations System website on **N/A.**

For all other non-emergency proposed regulations, complete #3 - #7 below, then complete #8)

(3) The agency posted notice of intent with a specified comment period of not less than 30 days to the eRegulations System website on **July 11, 2023.**

(4) *(Complete one)* No public hearing held or was required to be held. **OR** One or more public hearings were held on: **August 24, 2023.**

(5) The agency posted notice of decision to move forward with the proposed regulation to the eRegulations System website on **September 6, 2023.**

(6) *(Complete one)* No comments were received. **OR** Comments were received and the agency posted the statements specified in subdivisions (1) and (2) of CGS Section 4-168(e) to the eRegulations System website on **N/A.**

(7) The final wording of the proposed regulation was posted to the eRegulations System website on **September 8, 2023.**

(8) Subsequent to approval for legal sufficiency by the Attorney General and approval by the Legislative Regulation Review Committee, **the final regulation shall be effective**

(Check one and complete as applicable)

When posted to the eRegulations System website by the Secretary of the State.

OR On _____

(Date must be a specific calendar date not less than 11 days after submission to the Secretary of the State)

SIGNED

*(Head of Board, Agency or Commission,
or duly authorized deputy)*

Commissioner

OFFICIAL TITLE

9/10/2023

DATE

**OFFICE OF THE ATTORNEY GENERAL
REGULATION CERTIFICATION**

Agency: Insurance Department

REGULATION NUMBER: PR2022-038

This Regulation is hereby APPROVED by the Attorney General as to legal sufficiency in accordance with Connecticut General Statutes § 4-169.

DATE: 9/29/2023

Signed: _____

Sean Kehoe

Associate Attorney General

Chief of the Division of Government Affairs

Duly Authorized

The Connecticut General Assembly

Legislative Regulation Review Committee

Senator John Kissel
Senate Chair



Representative Lucy Dathan
House Chair

Official Record of Committee Action

December 19, 2023

Agency: Insurance Department
Description: Ins. Holding Co. Act
LRRC Regulation Number: 2023-025
eRegulation Tracking Number: PR2023-038

The above-referenced regulation has been

Approved with Technical Corrections

by the Legislative Regulation Review Committee in accordance
with CGS Section 4-170.

Catherine M. Thomas
Committee Administrator



State of Connecticut
Office of the Secretary of the State

Confirmation of Electronic Submission

Re: Regulation of the Insurance Department concerning Insurance Holding
Company Act
eRegulations System Tracking Number PR2022-038
Legislative Regulation Review Committee Docket Number 2023-025

The above-referenced regulation was electronically submitted to the Office of the Secretary of the State in accordance with Connecticut General Statutes Section 4-172 on February 21, 2024.

Said regulation is assigned Secretary of the State File Number 6400.

The effective date of this regulation is February 28, 2024.

A handwritten signature in blue ink, appearing to read "Stephanie Thomas".

Stephanie Thomas
Secretary of the State
February 28, 2024

By:

/s/ Christopher R. Drake
Christopher R. Drake
Director, Business Services
Division