

"HAWAII ADMINISTRATIVE RULES

TITLE 16

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

CHAPTER 14

INSURANCE HOLDING COMPANY SYSTEM

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§16-14-1 Definitions. As used in this chapter:

"Executive officer" means chief executive officer, chief operating officer, chief financial officer, treasurer, secretary, controller, or any other individual performing functions corresponding to those performed by the foregoing officers under whatever title.

"Statement" means information required to be filed with the commissioner pursuant to sections 431:11-104 to 431:11-104.5, 431:11-105, and 431:11-106, HRS, and the following guidelines set forth in Forms A, B, C, [and D] D, E, and F at the end of this chapter.

"Ultimate controlling person" means a person which is not controlled by any other person.

Unless the context requires otherwise, terms found in this chapter are used as defined in section 431:11-102, HRS. Other terminology is used as defined in chapter 431, HRS, or industry usage if not defined in chapter 431, HRS. [Eff 3/14/94; am and comp ] (Auth: HRS §§431:2-201, 431:11-109) (Imp: HRS §§431:11-104, 431:11-105, 431:11-106)

§16-14-2 General requirements for forms. (a) Forms A, B, C, [and D] D, E, and F at the end of this chapter are made a part of this chapter. The forms shall be used as guides in the preparation of the statements required by sections 431:11-104[, ] to 431:11-104.5, 431:11-105, and 431:11-106, HRS; they are not intended as blank forms to be filled in. The statements filed shall contain the numbers and captions of all items of the form and the responses shall indicate clearly the items to which they respond. All instructions, whether appearing under the items of the form or elsewhere, shall be omitted, provided that the text set forth for signature and certification requirements shall be followed. Unless expressly provided otherwise, if any item is inapplicable or if the response to an item is in the negative, that response shall be expressly stated.

[(c)] (b) Statements shall be prepared [on paper 8 1/2" by 11" in size and bound at the top or top left corner. Exhibits and financial statements, unless specifically prepared for the filing, may be submitted in their original size. All copies of any statement, financial statement, or exhibit shall be clear,] electronically. Statements shall be easily readable and suitable for review and reproduction.[, and] Debits in credit categories and credits in debit categories shall be designated so as to be clearly distinguishable 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 certified translation into the English language, and any monetary value shown in a foreign currency shall be converted into United States currency.

[(b)] (c) Two complete copies of each statement, including exhibits and all other papers and documents filed as part of the statement, shall be filed with the commissioner and shall be [manually] signed in the manner prescribed on the form. 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.

(d) Information required by any item of Form A, Form B, [or Form D] Form D, Form E, or Form F may be incorporated by reference in response or partial response to any other item. Information contained in any financial statement, annual report, proxy statement filed with a governmental authority, or any other document may be incorporated by reference in response or partial response to any item of Form A, Form B, [or Form D,] Form D, Form E, or Form F, provided that the document [or paper] is filed as an exhibit to the statement. However, documents currently on file with the commissioner which were filed within three years of the date the statement is filed need not be attached as exhibits. Excerpts of documents may be filed as exhibits if the documents are extensive. 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 response to the item. Material shall not be incorporated by reference in any case where incorporation would render the statement incomplete, unclear, or confusing.

(e) Where an item requires a summary or outline of the provisions of any document, only a brief description shall be given of the pertinent provisions of the document. The summary or outline may incorporate by reference particular parts of any exhibit or document currently on file with the commissioner filed within three years of the date the statement is filed. Where two or more documents which must be filed as exhibits are substantially identical in all material respects except as to the parties thereto, the dates of execution, or other details, the person filing may file a copy of only one of the documents with a schedule identifying the omitted documents and setting forth the material details in which the documents differ from the documents filed as exhibits.

(f) In addition to the information expressly required in Form A, Form B, Form C, [and Form D,] Form D, Form E, and Form F, the person filing shall include all additional material which may be necessary to make the information contained in the statements not misleading. The person filing may also file exhibits in addition to those expressly required. The exhibits shall be marked to indicate clearly the subject matter to which they refer.

(g) Changes to Form A, Form B, Form C, [and Form D] Form D, Form E, and Form F shall include on the top of the cover page the phrase: "Change No. \_\_ to Form \_\_" and shall indicate the date of the change and not the date of the original filing.

(h) If an applicant requests a hearing on a consolidated basis pursuant to section 431:11-104(d)(3), HRS, 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. [Eff 3/14/94; am and comp ] (Auth: HRS §§431:2-201, 431:11-109) (Imp: HRS §§431:11-104, 431:11-105, 431:11-106)

§16-14-3 Information unknown or unavailable. [(a) Required information need be given only when it is known or reasonably available to the person filing the statement. If any required information is unknown and not reasonably available to the person filing, either because obtaining the information would involve unreasonable effort or expense, or because the information rests peculiarly within the knowledge of another person not affiliated with the person filing, the information may be omitted, provided that:

- (1) The person filing shall give all of the information on the subject that it possesses or can acquire without unreasonable effort or expense, together with the sources of the information; and

- (2) The person filing shall include an explanation either:
  - (A) Showing that unreasonable effort or expense would be involved; or
  - (B) Indicating the absence of any affiliation with the person, the name and address of the person who has the information and stating the result of a request made to that person for the information.

(b)] If the person filing cannot practically furnish any required information, document, or report at the required time, the person [may] shall file with the commissioner a separate document:

- (1) Identifying the information, document, or report in question;
- (2) Stating why filing at the required time is impractical; and
- (3) Requesting an extension of time for filing the information, document, or report to a specified date.

The request for an extension shall be deemed granted unless the commissioner enters an order denying the request within thirty days after receipt of the request. [Eff 3/14/94; am and comp ] (Auth: HRS §§431:2-201, 431:11-109) (Imp: HRS §§431:11-104, 431:11-105, 431:11-106)

§16-14-4 Subsidiaries of domestic insurers. The authority to invest in subsidiaries under section 431:11-103(b), HRS, is in addition to any authority to invest in subsidiaries which may be contained in any other provision of chapter 431, HRS. [Eff 3/14/94; comp ] (Auth: HRS §§431:2-201, 431:11-109) (Imp: HRS §431:11-103)

§16-14-5 Statement for acquisition of control[.] and preacquisition notification. (a) A person required to file a statement pursuant to section 431:11-104, HRS, shall furnish the required information utilizing Form A[.] and the required information on Form E described in subsections (e), (f) and (g).

(b) The person filing the statement required by section 431:11-104, HRS, shall promptly advise the commissioner of any changes in the information furnished on Form A arising after the date upon which the information was furnished but before the commissioner's disposition of the application for approval.

(c) If the person being acquired is a “domestic insurer” as defined by section 431:11-104(a)(4), HRS, the name of the domestic insurer on the cover page should be indicated as follows: “ABC Insurance Company, a subsidiary of XYZ Holding Company.”

(d) Where a domestic insurer is being acquired, references to “the insurer” contained in Form A shall refer to both the domestic insurer and its subsidiaries.

(e) If a domestic insurer, including any person controlling a domestic insurer, is proposing a merger or acquisition pursuant to section 431:11-104(a)(1), HRS, that person shall file a preacquisition notification form, Form E.

(f) If a non-domiciliary insurer licensed to do business in this State is proposing a merger or acquisition pursuant to section 431:11-104.2, HRS, that person shall file a preacquisition notification form, Form E. No preacquisition notification form need be filed if the acquisition is beyond the scope of section 431:11-104.2, HRS, as set forth in section 431:11-104.2(b), HRS.

(g) In addition to the information required by Form E, the commissioner may require an expert opinion as to the competitive impact of the proposed acquisition. [Eff 3/14/94; am and comp ] (Auth: HRS §§431:2-201, 431:11-109) (Imp: HRS §431:11-104)

§16-14-6 Annual registration. (a) An insurer required to file an annual registration statement pursuant to section 431:11-105, HRS, shall furnish the required information utilizing Form B and Form C.

[(b) An insurer subject to the filing requirements of section 431:11-105, HRS, shall file a copy of Form C in each state in which the insurer is authorized to do business if requested by the insurance commissioner of that state.]

[(c)] (b) An amendment to Form B shall be filed within fifteen days after the end of any month in which there is a material change to the information provided in the annual registration statement.

[(d)] (c) Amendments to Form B shall be filed in the Form B format, but only those items which are being amended shall be reported. Each amendment shall include at the top of the cover page "Amendment No. \_\_ to Form B for (insert year)" and shall indicate the date of the change and not the date of the original filing.

[(e)] (d) Any authorized insurer may file a registration statement on behalf of any affiliated insurer or insurers which are required to register under section 431:11-105, HRS. A registration statement may include information regarding any insurer in the 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, provided that:

- (1) The statement or report contains substantially the same information required to be furnished on Form B; and
- (2) The filing insurer is the principal insurance company in the insurance holding company system and the filing contains a brief

statement of facts which will substantiate the filing insurer's claim that it is the principal insurer in the insurance holding company system.

[(f)](e) With the prior approval of the commissioner, an unauthorized insurer may follow any of the procedures permitted under subsection [(e).](d).

[(g)](f) Any insurer may make filings pursuant to section 431:11-105(h) and (i), HRS, without obtaining the prior approval of the commissioner. The commissioner, however, may require individual filings if the commissioner deems individual filings necessary in the interest of clarity, ease of administration, or the public good. [Eff 3/14/94; am and comp ] (Auth: HRS §§431:2-201, 431:11-109) (Imp: HRS §431:11-105)

§16-14-7 Disclaimers and termination of registration. (a) A disclaimer of affiliation or a request for termination of registration may be made when a person does not, or will not upon the taking of some proposed action, control another person (hereinafter referred to as "the subject"). The disclaimer shall contain the following information:

- (1) The number of authorized, issued, and outstanding voting securities of the subject;
- (2) The number and percentage of shares of the subject's voting securities which the person whose control is disclaimed, and all affiliates of that person, hold of record, own beneficially, or have a right to acquire, directly or indirectly;
- (3) All material relationships and bases for affiliation between the subject and the person whose control is disclaimed and all affiliates of that person; and
- (4) A statement explaining why the person whose control is disclaimed does not control the subject.

(b) A request for termination of registration shall be deemed granted unless the commissioner notifies the registrant otherwise within thirty days after receipt of the request. [Eff 3/14/94; comp ] (Auth: HRS §§431:2-201, 431:11-109) (Imp: HRS §§431:11-104, 431:11-105, 431:11-106)

§16-14-8 Transactions subject to prior notice. (a) An insurer required to give notice of a proposed transaction pursuant to section 431:11-106, HRS, shall furnish the required information on Form D.

(b) Management agreements, service agreements, and cost sharing arrangements shall at a minimum and as applicable:

- (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 National Association of Insurance Commissioners' 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;
- (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 cause;
- (10) Include procedures for termination of the agreement without cause;
- (11) Include provisions for indemnification of the insurer in the event of gross negligence or wilful misconduct on the part of the affiliate providing the services;
- (12) Specify that, if the insurer is placed in receivership or seized by the commissioner under article 15, chapter 431, HRS:
  - (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 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;
- (13) Specify that the affiliate has no automatic right to terminate the agreement if the insurer is placed in receivership pursuant to article 15, chapter 431, HRS; and
- (14) Specify that the affiliate will continue to maintain any systems, programs, or other infrastructure notwithstanding a seizure by the commissioner under article 15, chapter 431, HRS, and will make them available to the receiver, for so long as the affiliate continues to receive timely payment for services rendered. [Eff 3/14/94; am

and comp ] (Auth: HRS §§431:2-201,  
431:11-109) (Imp: HRS §431:11-106)

§16-14-9 Enterprise risk report. The ultimate controlling person of an insurer required to file an enterprise risk report pursuant to section 431:11-105(l), HRS, shall furnish the required information on Form F. [Eff] (Auth: HRS §§431:2-201, 431:11-109) (Imp: HRS §431:11-105)

[§16-14-9] §16-14-10 Extraordinary dividends and other distributions. (a) Requests to the commissioner 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 the valuation;
- (4) A copy of the calculations determining that the proposed dividend is extraordinary, including:
  - (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 during the previous twelve consecutive months;
  - (B) Surplus as regards policyholders (total capital and surplus) as of the preceding December 31;
  - (C) If the insurer is not a life insurer, the net income less realized capital gains for the twelve month period ending on the preceding December 31 and the two preceding twelve month periods; and
  - (D) If the insurer is not a life insurer, the dividends paid to stockholders, excluding distributions of the insurer's own securities in the preceding two calendar years;
- (5) A balance sheet and statement of income for the period between 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; and
- (6) A brief statement as to the effect of the proposed dividend upon the insurer's surplus, the reasonableness of the surplus in relation to the



insurer's outstanding liabilities, and the adequacy of the surplus relative to the insurer's financial needs.

(b) Subject to section [431:11-106] 431:11-106(b), HRS, no insurer shall pay any extraordinary dividend or make any other distribution to its shareholders until:

(1) Thirty days after the commissioner has received notice of the declaration thereof and has not within the period disapproved the payment; or

(2) The commissioner shall have approved the payment within the thirty-day period.

(c) An insurer shall report to the commissioner all dividends and other distributions to shareholders made pursuant this section and section 431:11-106, HRS, within fifteen days following the payment. [Eff 3/14/94; am and ren §16-14-9 ] (Auth: HRS §§431:2-201, 431:11-109) (Imp: HRS §431:11-106)

[§16-14-10] §16-14-11 Adequacy of surplus. The factors set forth in section 431:11-106(d), HRS, are not intended to be an exhaustive list. In determining the adequacy and reasonableness of an insurer's surplus, no single factor is necessarily controlling. The commissioner shall consider the net effect of all of the factors, along with other factors bearing on the financial condition of the insurer. In comparing the surplus maintained by other insurers, the commissioner shall consider the extent to which each of these factors varies among insurers. In determining the quality and liquidity of investments in subsidiaries, the commissioner shall consider the individual subsidiary and may discount or disallow its valuation to the extent warranted by individual investments." [Eff 3/14/94; ren §16-14-10 ] (Auth: HRS §§431:2-201, 431:11-109) (Imp: HRS §431:11-106)

2. Material, except source notes, to be repealed is bracketed. New material is underscored.

3. Additions to update source notes to reflect these amendments and compilation are not underscored.

4. These amendments to and compilation of chapter 16-14, Hawaii Administrative Rules, shall take effect ten days after filing with the Office of the Lieutenant Governor.

I certify that the foregoing are copies of the rules, drafted in the Ramseyer format pursuant to the requirements of section 91-4.1, Hawaii Revised Statutes, which were adopted on \_\_\_\_\_ and filed with the Office of the Lieutenant Governor.

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Gordon I. Ito  
Insurance Commissioner

APPROVED AS TO FORM:

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Deputy Attorney General

FORM A

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

(Name of Domestic Insurer)

By

(Name of Acquiring Person (Applicant))

Filed with the Insurance Commissioner of the State of Hawaii

Dated: \_\_\_\_\_

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

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ITEM 1. INSURER AND METHOD OF ACQUISITION

State the name and address of the domestic insurer to which this application relates and a brief description of 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 five years or for the period the applicant and any predecessors have been in existence if less than five years. Briefly describe the business which the applicant and its subsidiaries intend to do.

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

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

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

- (a) Name and business address;
- (b) Current 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 the employment is carried on;
- (c) Material occupations, positions, offices, or employment during the last five 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 occupation, position, office, or employment was carried on. If any occupation, position, office, or employment required licensing by or registration with any federal, state, or municipal governmental agency, indicate that fact, the current status of the licensing or registration, and an explanation of any surrender, revocation, suspension, or disciplinary proceedings in connection therewith.
- (d) Whether or not the person has ever been convicted in a criminal proceeding, excluding minor traffic violations, during the last ten 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 consideration used or to be used in effecting the merger or other acquisition of control. If any part of the funds or other consideration is 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 the consideration.
- (c) If the source of the consideration is a loan made in the lender's ordinary course of business and if the applicant wishes the identity of the lender to remain confidential, the applicant must make a specific request.

#### ITEM 5. FUTURE PLANS OF INSURER

Describe any plans or proposals which the applicant may have to declare an extraordinary dividend, liquidate the insurer, sell the insurer's assets to or merge the insurer with any person, or make any other material change in the insurer's business operations, 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, the terms of the offer, request, invitation, agreement, or acquisition, and 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 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 made.

#### ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

Describe any purchases of voting securities of the insurer by the applicant, its affiliates, or any person listed in Item 3 during the twelve 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. State whether any of the voting securities purchased are hypothecated.

#### ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Describe any recommendations to purchase voting securities 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 twelve 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) List under this item the financial statements, exhibits, and three-year financial projections of the insurer(s) attached to this statement.

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

The annual financial statements of the applicant shall be accompanied by the certificate of an independent certified public accountant stating that the statements present fairly the financial position of the applicant 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 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 filed with the insurance department of the person's domiciliary state and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of that 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 of any 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 two fiscal years, and any additional documents or papers required by this form or sections 16-14-2 and 16-14-3.

#### 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 section 431:11-105, HRS, the Registrant has caused this summary of registration statement to be duly signed on its behalf in the City of \_\_\_\_\_, State of \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Name of Registrant

(SEAL)

By \_\_\_\_\_  
Gordon I. Ito  
Insurance Commissioner

Attest:

\_\_\_\_\_  
(Signature of Officer)  
(Title)

Attest:

\_\_\_\_\_  
(Signature of Officer)  
(Title)

CERTIFICATION

I have duly executed the attached annual registration statement dated \_\_\_\_\_, 20\_\_\_\_, for and on behalf of (name of applicant); I am the (title of officer) of (name of applicant), and I am authorized to execute and file this annual registration statement. I am familiar with this annual registration statement and the contents thereof, and the facts set forth therein are true to the best of my knowledge, information, and belief.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Type or print name)

FORM B

INSURANCE HOLDING COMPANY SYSTEM ANNUAL REGISTRATION  
STATEMENT

Filed with the Insurance Commissioner of the State of Hawaii  
By

\_\_\_\_\_  
(Name of Registrant)

On Behalf of Following Insurance Companies:

Name	Address
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\_\_\_\_\_  
Date: \_\_\_\_\_, 20\_\_

Name, title, address, and telephone number of the 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 affiliated 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 or other jurisdiction of domicile.



### ITEM 3. THE ULTIMATE CONTROLLING PERSON

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

- (1) Name;
- (2) Home office address;
- (3) Principal executive office address;
- (4) The organizational structure of the person, i.e., corporation, partnership, individual, trust, etc.;
- (5) The principal business of the person;
- (6) The name and address of any person who holds or owns ten per cent or more of any class of voting security, the class of the security, the number of shares held of record or known to be beneficially owned, and the percentage of the class held or owned; and
- (7) 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 the proceedings commenced.

### ITEM 4. BIOGRAPHICAL INFORMATION

If the ultimate controlling person is a corporation, an organization, a limited liability company, or other legal entity, for each of the directors and executive officers of the ultimate controlling person, state the individual's name, address, principal occupation, all offices and positions held during the past five years, and any conviction of a crime other than minor traffic violations. If the ultimate controlling person is an individual, state the individual's name, address, principal occupation, all offices and positions held during the past five years, and any conviction of crimes other than minor traffic violations.

### ITEM 5. TRANSACTIONS AND AGREEMENTS

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

- (1) Loans, other investments, or purchases, sales, or exchanges of securities of the affiliates by the Registrant or of the Registrant by its affiliates;
- (2) Purchases, sales, or exchanges 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 or contingent exposure of the Registrant's assets to liability, other than insurance contracts entered into in the ordinary course of the Registrant's business;

- (5) All management agreements, service contracts, and cost-sharing arrangements;
- (6) Reinsurance agreements;
- (7) Dividends and other distributions to shareholders;
- (8) Consolidated tax allocation agreements; and
- (9) Any pledge of the Registrant's stock or of the stock of any subsidiary or controlling affiliate for a loan made to any member of the insurance holding company system.

No information need be disclosed if the information is not material for purposes of section 431:11-105, HRS. As to any sales, purchases, exchanges, loans or extensions of credit, investments, or guarantees involving one-half of one percent or less of the Registrant's admitted assets as of December 31 next preceding, the Registrant shall submit a sufficiently detailed description to permit the commissioner to evaluate the materiality of the transaction. The description shall include at least the following:

- (1) The nature and purpose of the transaction;
- (2) The nature and amounts of any payments or transfers of assets between the parties;
- (3) The identity of all parties to the transaction; and
- (4) The relationship of the affiliated parties to the Registrant.

The commissioner may request additional information at the commissioner's discretion. If the commissioner determines that a transaction is material, the commissioner shall notify the Registrant who shall file an Amendment to the registration statement pursuant to section 16-14-6(c), within thirty days from the date of the commissioner's notice, setting forth the required information about the transaction.

#### ITEM 6. LITIGATION OR ADMINISTRATIVE PROCEEDINGS

Briefly describe any litigation or administrative proceedings of the following types, either pending or concluded within the preceding fiscal year, to which the ultimate controlling person or any of its directors or executive officers was a party or of which the property of any such person is or was the subject, giving the names of the parties and the court or agency in which the litigation or proceeding is or was pending:

- (1) Criminal prosecutions or administrative proceedings by any government agency or authority which may be relevant to the trustworthiness of any party to the litigation or proceeding; and
- (2) Proceedings which may have a material effect upon the solvency or capital structure of the ultimate controlling person, including but not limited to bankruptcy, receivership, or other corporate reorganizations.

#### ITEM 7. STATEMENT REGARDING PLAN OR SERIES OF TRANSACTIONS

Furnish a statement that transactions entered into since the filing of the prior year's annual registration statement are not part of a plan or series of like transactions whose purpose is to avoid statutory threshold amounts and the review that might otherwise occur.

#### ITEM 8. FINANCIAL STATEMENTS AND EXHIBITS

(a) List under this item the financial statements and exhibits attached to this registration statement.

(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 latest fiscal year.

If at the time of the initial registration, the annual financial statements for the latest fiscal year are not available, annual statements for the previous fiscal year may be filed, along with similar financial information for subsequent periods to the extent the information is available. The financial statements may be prepared on either an individual basis or on a consolidated basis if consolidated statements are prepared in the usual course of business, unless the commissioner requires otherwise.

In addition, 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 adopted by the Commissioner. Documentation and financial statements filed with the Securities and Exchange Commission or audited generally accepted accounting principles shall be deemed to be an appropriate form and format.

Unless the commissioner permits otherwise, the annual financial statements shall be accompanied by the certificate of an independent public accountant stating 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 domiciliary state 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 independent 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 conform with United States generally accepted accounting principles.

(c) Exhibits shall include copies of the latest annual reports to shareholders of the ultimate controlling person and proxy material used by the ultimate controlling person; and any additional documents or papers required by this form or sections 16-14-2 and 16-14-3.

#### ITEM 9. FORM C REQUIRED

Form C, Summary of Changes to Registration Statement, shall be prepared and filed with this form.

ITEM 10. SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

SIGNATURE

Pursuant to the requirements of section 431:11-105, HRS, the Registrant has caused this annual registration statement to be duly signed on its behalf in the City of \_\_\_\_\_, State of \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Name of Applicant

By \_\_\_\_\_  
(Name)(Title)

Attest:

\_\_\_\_\_  
(Signature of Officer)  
(Title)

CERTIFICATION

I have duly executed the attached annual registration statement dated \_\_\_\_\_, 20\_\_\_\_, for and on behalf of \_\_\_\_ (name of applicant) \_\_\_\_; I am the (title of officer) of (name of applicant), and I am authorized to execute and file this annual registration statement. I am familiar with this annual registration statement and the contents thereof, and the facts set forth therein are true to the best of my knowledge, information, and belief.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Type or print name)

FORM C

SUMMARY OF CHANGES TO REGISTRATION STATEMENT

Filed with the Insurance Commissioner of the State of Hawaii

By

\_\_\_\_\_  
(Name of Registrant)

On Behalf of Following Insurance Companies

Name

Address

\_\_\_\_\_  
Date: \_\_\_\_\_, 20\_\_

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

\_\_\_\_\_  
Furnish a brief description of all items in the current annual registration statement which represent changes from the prior year's annual registration statement. Include specific references to the item numbers in the annual registration statement and to the terms contained therein, and make the description sufficiently detailed to permit proper evaluation by the commissioner.

Changes occurring under item 2 of Form B relating to changes in the percentage of each class of voting securities held by each affiliate need only be included where the changes result in ownership or holdings of ten per cent or more of voting securities, loss or transfer of control, or acquisition or loss of partnership interest.

Changes occurring under Item 4 of Form B need only be included where:

- (1) An individual is, for the first time, made a director or executive officer of the ultimate controlling person;
- (2) A director or executive officer terminates responsibilities with the ultimate controlling person; or
- (3) An individual is named president of the ultimate controlling person.

If a transaction disclosed on the prior year's annual registration statement has been changed, include a description of the nature of the change. If a transaction disclosed on the prior year's annual registration statement has been effectuated, furnish the mode of completion and any flow of funds between affiliates resulting from the transaction.

Furnish a statement that transactions entered into since the filing of the prior year's annual registration statement are not part of a plan or series of like transactions whose purpose is to avoid statutory threshold amounts and the review that might otherwise occur.

#### SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

##### SIGNATURE

Pursuant to the requirements of section 431:11-105, HRS, the Registrant has caused this summary of registration statement to be duly signed on its behalf in the City of \_\_\_\_\_, State of \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Name of Registrant

(SEAL)

By \_\_\_\_\_  
(Name)(Title)

Attest:

\_\_\_\_\_  
(Signature of Officer)  
(Title)

##### CERTIFICATION

I have duly executed the attached summary of registration statement dated \_\_\_\_\_, 20\_\_, for and on behalf of (name of registrant). I am the (title of officer) of (name of registrant), and I am authorized to execute and file this summary of registration statement. I am familiar with this summary of registration statement and the contents thereof, and the facts set forth therein are true to the best of my knowledge, information, and belief.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Type or print name)

FORM D

PRIOR NOTICE OF A TRANSACTION

Filed with the Insurance Commissioner of the State of Hawaii  
By

\_\_\_\_\_  
(Name of Registrant)

On Behalf of Following Insurance Companies

Name	Address
------	---------

\_\_\_\_\_  
Date: \_\_\_\_\_, 20\_\_\_\_

Name, title, address, and telephone number of the 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:

- (1) Name;
- (2) Home office address;
- (3) Principal executive office address;
- (4) The organizational structure, i.e. corporation, partnership, individual, trust, etc.;
- (5) A description of the nature of the parties' business operations;
- (6) 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 in the affiliated parties; and
- (7) Where the transaction is with a non-affiliate, the name of any affiliate 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:

- (1) A statement as to whether notice is being given under section 431:11-106(a)(2)(A), (B), (C), (D), (E), (F) or (G), HRS;
- (2) A statement of the nature of the transaction;
- (3) A statement of how the transaction meets the 'fair and reasonable' standard of section 431:11-106(a)(1)(A), HRS; and
- (4) The proposed effective date of the transaction.

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

Furnish a brief description of:

- (1) The amount and source of funds, securities, property, or other consideration for the sale, purchase, exchange, loan, extension of credit, guarantee, or investment, and whether any provision exists for purchase by the insurer filing notice, by any party to the transaction, or by any affiliate of the insurer filing notice;
- (2) The terms of any securities being received, if any; and
- (3) Any other agreements relating to the transaction such as contracts or agreements for services or consulting agreements.

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 valuation.

If the transaction involves a loan, extension of credit, or guarantee, furnish a description of the maximum amount which the insurer will be obligated to make available under the loan, extension of credit, or guarantee, the date on which the credit or guarantee will terminate, and any provisions for the accrual 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 extension or renewal of the investment, guarantee, or arrangement. Furnish a brief statement as to the effect of the transaction upon the insurer's 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 non-life insurers, the lesser of three per cent of the insurer's admitted assets or twenty five per cent of surplus as regards policyholders as of the December 31 next preceding; or

- (b) In the case of life insurers, three per cent of the insurer's admitted assets as of the December 31 next preceding.

#### ITEM 4. LOANS OR EXTENSIONS OF CREDIT TO A NON-AFFILIATE

If the transaction involves a loan or extension of credit 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 the loans or extensions of credit, and specify in what manner the proceeds are to be used to make a loan to, extend credit to, purchase assets of, or make investments in any affiliate. Describe the amount and source of securities, property, or other consideration for the loan or extension of credit and, if the transaction involves consideration other than cash, a description of the cost and fair market value of the consideration, together with an explanation of the basis for valuation. Furnish a brief statement as to the effect of the transaction upon the insurer's surplus.

No notice need be given if the loan or extension of credit is one which equals less than, in the case of non-life insurers, the lesser of three per cent of the insurer's admitted assets or twenty five per cent of surplus as regards policyholders or, with respect to life insurers, three per cent of the insurer's admitted assets, each as of the December 31 next preceding.

#### ITEM 5. REINSURANCE

If the transaction is a reinsurance agreement or modification thereto, as described by section 431:11-106(a)(2)(C)(ii), HRS, or a reinsurance pooling agreement or modification thereto as described by 431:11-106(a)(2)(C)(i), furnish a description of the known or 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 the non-affiliate 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 of the effect of the transaction upon the insurer's 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 is less than five per cent of the insurer's surplus as regards policyholders as of the December 31 next

preceding. 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; and
- (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 National Association of Insurance Commissioners' Accounting Practices and Procedure Manual regarding expense allocation.

## ITEM 7. SIGNATURE AND CERTIFICATION

Signature and certification are required as follows:

SIGNATURE

Pursuant to the requirements of section 431:11-106, HRS, \_\_\_\_\_(name of registrant)\_\_\_\_\_ has caused this notice to be duly signed on its behalf in the City of \_\_\_\_\_ and State of \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Name of Applicant

(SEAL)

By \_\_\_\_\_  
(Name)(Title)

Attest:

(Signature of Officer)  
(Title)

## CERTIFICATION

I have duly executed the attached notice dated \_\_\_\_\_, 20\_\_\_\_, for and on behalf of (name of applicant); I am the (title of officer) of (name of applicant), and I am authorized to file the notice. I am familiar with the notice and the contents thereof, and the facts set forth therein are true to the best of my knowledge, information and belief.

(Signature)

(Type or print name)

FORM E

PRE-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

\_\_\_\_\_  
(Name of Applicant)

\_\_\_\_\_  
(Name of Other Person Involved in Merger or Acquisition)

Filed with the Insurance Commissioner of the State of Hawaii

Dated: \_\_\_\_\_

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

\_\_\_\_\_

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 section 431:11-104.4, HRS. 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.

Effective: January 2011

FORM F

ENTERPRISE RISK REPORT

Filed with the Insurance Commissioner of the State of Hawaii

By

\_\_\_\_\_  
(Name of Registrant)

On Behalf of Following Insurance Companies

Name

Address

\_\_\_\_\_  
Date: \_\_\_\_\_ 20\_\_\_\_

Name, title, address, and telephone number of the 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 [insert cross reference to definition of Enterprise Risk in section 431:11-102, HRS], 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:

- Any material developments regarding strategy, internal audit findings, compliance or risk management affecting the insurance holding company system;
- Acquisition or disposal of insurance entities and reallocating of existing financial or insurance entities within the insurance holding company system;
- Any changes of shareholders of the insurance holding company system exceeding ten per cent or more of voting securities;
- Developments in various investigations, regulatory activities or litigation that may have a significant bearing or impact on the insurance holding company system;

- Business plan of the insurance holding company system and summarized strategies for next twelve months;
- Identification of material concerns of the insurance holding company system raised by supervisory college, if any, in the last year;
- Identification of insurance holding company system capital resources and material distribution patterns;
- Identification of any negative movement, or discussions with rating agencies which may have caused, or may cause, potential negative movement in the credit ratings assessment of the insurance holding company system (including both the rating score and outlook);
- Identification of any negative movement, or discussions with rating agencies which may have caused, or may cause, potential negative movement in individual insurers' financial strength ratings, including both the rating scores and outlooks, affecting the insurance holding company system;
- Information on corporate or parental guarantees throughout the holding company and the expected source of liquidity should such guarantees be called upon; and
- 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 United States Securities and Exchange Commission, provided the Registrant/Applicant includes specific references to those areas listed in Item 1 for which the form provides responsive information. If the Registrant/Applicant is not domiciled in the United States, it may attach its most recent public audited financial statement filed in its country of domicile, provided the Registrant/Applicant includes specific references to those areas listed in Item 1 for which the financial statement provides responsive information.

#### ITEM 2. OBLIGATION TO REPORT.

If the Registrant/Applicant has not disclosed any information pursuant to Item 1, the Registrant/Applicant shall include a statement affirming that, to the best of its knowledge and belief, it has not identified enterprise risk subject to disclosure pursuant to Item 1.



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

Amendments to Chapter 16-14  
Hawaii Administrative Rules

Date

SUMMARY

1. Chapter 16-14, Hawaii Administrative Rules, entitled "Insurance Holding Company System," is amended and compiled to read as follows: \_\_\_\_\_

