

State of Arizona
House of Representatives
Fifty-sixth Legislature
First Regular Session
2023

HOUSE BILL 2006

AN ACT

AMENDING SECTIONS 20-481, 20-481.03, 20-481.10, 20-481.11, 20-481.12 AND 20-481.21, ARIZONA REVISED STATUTES; RELATING TO INSURANCE HOLDING COMPANY SYSTEMS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-481, Arizona Revised Statutes, is amended to
3 read:

4 20-481. Definitions

5 In this article, unless the context otherwise requires:

6 1. "Affiliate" or person "affiliated" with a specific person means
7 a person that directly, or indirectly through one or more intermediaries,
8 controls, is controlled by or is under common control with the person
9 specified.

10 2. "Continuing proxies" means proxies that are valid for more than
11 one annual or special meeting of security holders and any adjournments
12 thereof.

13 3. "Control" and "controlling" means the possession, direct or
14 indirect, of the power to direct or cause the direction of the management
15 and policies of a person, whether through the ownership of voting
16 securities, by contract other than a commercial contract for goods or
17 nonmanagement services, or otherwise, unless the power is the result of an
18 official position with or corporate office held by the person. Control
19 shall be presumed to exist if any person, directly or indirectly, owns,
20 controls, holds with the power to vote or holds proxies representing ten
21 ~~per cent~~ PERCENT or more of the voting securities of any other
22 person. This presumption may be rebutted by a showing made in the manner
23 provided by section 20-481.18 that control does not exist in fact. The
24 director may determine, after furnishing all persons in interest notice
25 and AN opportunity to be heard and making specific findings of fact to
26 support such determination, that control exists in fact, notwithstanding
27 the absence of a presumption to that effect.

28 4. "Enterprise risk" means any activity, circumstance, event or
29 series of events involving one or more affiliates of an insurer that if
30 not remedied promptly is likely to have a material adverse effect on the
31 financial condition or liquidity of the insurer or its insurance holding
32 company system as a whole, including causing the insurer's risk-based
33 capital to decrease to or below a company action level under section
34 20-488.02, or would cause an insurer to be in hazardous financial
35 condition pursuant to section 20-220.01.

36 5. "GROUP CAPITAL CALCULATION INSTRUCTIONS" MEANS THE NATIONAL
37 ASSOCIATION OF INSURANCE COMMISSIONERS GROUP CAPITAL CALCULATION
38 INSTRUCTIONS AS ADOPTED AND AMENDED IN ACCORDANCE WITH THE NATIONAL
39 ASSOCIATION OF INSURANCE COMMISSIONERS' PROCEDURES.

40 ~~5.~~ 6. "Group-wide supervisor" means the regulatory official who is
41 authorized to engage in conducting and coordinating group-wide supervision
42 activities and who is determined or acknowledged by the director pursuant
43 to section 20-481.33 to have sufficient significant contacts with the
44 internationally active insurance group.

1 ~~6.~~ 7. "Insurance holding company system" means two or more
2 affiliated persons, one or more of whom is an insurer.

3 ~~7.~~ 8. "Insurer" means every person engaged in the business of
4 making contracts of insurance except:

5 (a) Agencies, authorities or instrumentalities of the United
6 States, its possessions and territories, the Commonwealth of Puerto Rico,
7 the District of Columbia or a state or political subdivision of a state.

8 (b) Nonprofit medical and hospital service associations.

9 (c) Credit life and disability reinsurers as defined in section
10 20-1082 that are not affiliated with another insurer as defined in section
11 20-104.

12 ~~8.~~ 9. "Internationally active insurance group" means an insurance
13 holding company system that includes an insurer registered pursuant to
14 section 20-481.09 and that meets the following criteria:

15 (a) Has premiums written in at least three countries.

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

19 (c) Based on a three-year rolling average, the total assets of the
20 insurance holding company system are at least \$50,000,000,000, or the
21 total gross written premiums of the insurance holding company system are
22 at least \$10,000,000,000.

23 10. "LIQUIDITY STRESS TEST FRAMEWORK" MEANS A SEPARATE PUBLICATION
24 BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS THAT MAY INCLUDE
25 ANY AMENDMENT ADOPTED IN ACCORDANCE WITH NATIONAL ASSOCIATION OF INSURANCE
26 COMMISSIONERS' PROCEDURES AND INSTRUCTIONS AND REPORTING TEMPLATES FOR A
27 SPECIFIC DATA YEAR AND THAT MAY CONTAIN THE FOLLOWING INFORMATION:

28 (a) A HISTORY OF THE REGULATORY LIQUIDITY STRESS TESTING.

29 (b) THE SCOPE CRITERIA APPLICABLE FOR A SPECIFIC DATA YEAR.

30 ~~9.~~ 11. "Person" means an individual, a corporation, a partnership,
31 an association, a joint stock company, a trust, an unincorporated
32 organization and any similar entity or any combination of the foregoing
33 acting in concert but does not include any joint venture partnership
34 exclusively engaged in owning, managing, leasing or developing real or
35 tangible personal property.

36 12. "SCOPE CRITERIA" MEANS THE DESIGNATED EXPOSURE BASES AND
37 MINIMUM MAGNITUDES THAT MAY BE USED TO ESTABLISH A PRELIMINARY LIST OF
38 INSURERS THAT ARE SELECTED INTO THE LIQUIDITY STRESS TEST FRAMEWORK FOR A
39 SPECIFIC YEAR AND THAT ARE DETAILED IN THE LIQUIDITY STRESS TEST
40 FRAMEWORK.

41 ~~10.~~ 13. "Security holder of a specified person" means a person who
42 owns any security of such person, including common stock, preferred stock,
43 debt obligations, ~~and~~ and any other security THAT IS convertible into or
44 ~~evidencing~~ THAT EVIDENCES the right to acquire any of the foregoing.

1 ~~11.~~ 14. "Subsidiary of a specified person" means an affiliate
2 controlled by such person directly or indirectly through one or more
3 intermediaries.

4 ~~12.~~ 15. "Supervisory college" means a temporary or permanent forum
5 for communication and cooperation between regulators charged with the
6 supervision of entities that belong to an insurance holding company system
7 that has international operations.

8 ~~13.~~ 16. "Voting security" means a security that carries with it a
9 right to vote in decisions and also includes securities that are
10 convertible into or evidence a right to acquire a security that includes
11 such right to vote.

12 Sec. 2. Section 20-481.03, Arizona Revised Statutes, is amended to
13 read:

14 20-481.03. Contents of statement

15 A. The statement to be filed with the director as provided in
16 section 20-481.02 shall be made under oath or affirmation and shall
17 contain the following:

18 1. The name and address of each person by whom or on whose behalf
19 the tender offer, merger or other acquisition of control referred to in
20 section 20-481.02 is to be effected.

21 2. If the acquiring party is an individual, ~~his~~ **THE INDIVIDUAL'S**
22 principal occupation and all offices and positions held during the past
23 five years and any convictions of crimes other than minor traffic
24 violations during the past ten years.

25 3. If the acquiring party is not an individual:

26 (a) A report of the nature of its business operations during the
27 past five years or for such lesser period as such person and any
28 predecessors thereof shall have been in existence.

29 (b) An informative description of the business intended to be done
30 by such person and such person's subsidiaries.

31 (c) A list of all individuals who are or who have been selected to
32 become directors or executive officers of such person, or who perform or
33 will perform functions appropriate to such positions. Such list shall
34 include for each such individual the information required by paragraph 2
35 of this subsection.

36 4. The source, nature and amount of the consideration used or to be
37 used in effecting the merger or other acquisition of control, a
38 description of any transaction wherein funds were or are to be obtained
39 for any such purpose including a pledge of the insurer's stocks or the
40 stock of any of its subsidiaries or controlling affiliates, and the
41 identity of persons furnishing such consideration, provided that if a
42 source of such consideration is a loan made in the lender's ordinary
43 course of business, the identity of the lender shall remain confidential,
44 if the person filing such statement so requests.

1 5. Fully audited financial information as to the earnings and
2 financial condition of each acquiring party for the preceding five fiscal
3 years of each such acquiring party or for such lesser period as such
4 acquiring party and any predecessors thereof have been in existence and
5 similar unaudited information as of a date not earlier than ninety days
6 before the filing of the statement. If audited financial information is
7 unavailable, unaudited financial information may be substituted if such
8 information is acceptable to the director.

9 6. Any plans or proposals that each acquiring party may have to
10 liquidate such insurer, to sell its assets or merge or consolidate it with
11 any person or to make any other material change in its business or
12 corporate structure or management.

13 7. The number of shares of any security referred to in section
14 20-481.02 that each acquiring party proposes to acquire, and the terms of
15 the offer, request, invitation, agreement or acquisition referred to in
16 section 20-481.02 and a statement as to the method by which the fairness
17 of the proposal was arrived at.

18 8. The amount of each class of any security referred to in section
19 20-481.02 that is beneficially owned or about which there is a right to
20 acquire beneficial ownership by each acquiring party or that each
21 acquiring party has the right to acquire.

22 9. A full description of any contracts, arrangements or
23 understandings with respect to any security referred to in section
24 20-481.02 in which any acquiring party is involved, including but not
25 limited to transfer of any of the securities, joint ventures, loan or
26 option arrangements, puts or calls, guarantees of loans, guarantees
27 against loss or guarantees of profits, division of losses or profits or
28 the giving or withholding of proxies. Such description shall identify the
29 persons with whom such contracts, arrangements or understandings have been
30 entered into.

31 10. A description of the purchase of any security referred to in
32 section 20-481.02 during the twelve calendar months preceding the filing
33 of the statement, by any acquiring party, including the dates of
34 purchases, names of the purchasers and consideration paid or agreed to be
35 paid therefor.

36 11. A description of any recommendations to purchase any security
37 referred to in section 20-481.02 made during the twelve calendar months
38 preceding the filing of the statement, by any acquiring party, or by
39 anyone based on interviews or at the suggestion of such acquiring party.

40 12. Copies of all tender offers for, requests or invitations for
41 tenders of exchange offers for and agreements to acquire or exchange any
42 securities referred to in section 20-481.02 and any additional soliciting
43 material relating thereto.

1 13. The terms of any proposed or executed agreement, contract or
2 understanding made with any broker-dealer as to solicitation of securities
3 referred to in section 20-481.02 for tender, and the amount of any fees,
4 commissions or other compensation to be paid to broker-dealers with regard
5 thereto.

6 14. An agreement by the person required to file the statement
7 referred to in section 20-481.02 that the person will file with the
8 director the annual enterprise risk report pursuant to section 20-481.10,
9 subsection D, [PARAGRAPH 1](#) while in control of the insurer.

10 15. An acknowledgement by the person required to file the statement
11 referred to in section 20-481.02 that the person and all subsidiaries in
12 its control in the insurance holding company system will provide all
13 information requested by the director for the director to evaluate
14 enterprise risk to the insurer.

15 16. Such additional information as the director may by rule
16 prescribe as necessary or appropriate for the protection of policyholders
17 and security holders of the insurer or in the public interest.

18 B. The director may require each statement to be accompanied by the
19 fingerprints of any individual named in such statement as an acquiring
20 party or as directors or executive officers of an acquiring party. Such
21 fingerprints shall be taken in an approved manner and certified by a
22 municipal police department, a sheriff's office or another recognized
23 authority acceptable to the director.

24 Sec. 3. Section 20-481.10, Arizona Revised Statutes, is amended to
25 read:

26 20-481.10. [Form and content of registration statement;](#)
27 [disclosure of information; enterprise risk](#)
28 [filing](#)

29 A. Every insurer subject to registration shall file a registration
30 statement on a form provided by the director, which shall contain current
31 information concerning:

32 1. The capital structure, general financial condition, ownership
33 and management of the insurer and ~~the~~ identity of any person controlling
34 the insurer.

35 2. The identity of every member of the insurance holding company
36 system that directly or indirectly controls the insurer.

37 3. The following agreements in force, relationships subsisting and
38 transactions currently outstanding or that have occurred during the last
39 calendar year between such insurer and its affiliates:

40 (a) Loans, other investments or purchases, sales or exchanges of
41 securities of the affiliates by the insurer or of the insurer by its
42 affiliates.

43 (b) Purchases, sales or exchanges of assets.

44 (c) Transactions not in the ordinary course of business.

1 (d) Guarantees or undertakings for the benefit of any affiliate
2 that result in an actual contingent exposure of the insurer's assets to
3 liability, other than insurance contracts entered into in the ordinary
4 course of the insurer's business.

5 (e) All management and service contracts and all cost sharing
6 arrangements.

7 (f) Reinsurance agreements.

8 (g) Dividends and other distributions to shareholders.

9 (h) Consolidated tax allocation agreements.

10 4. A pledge of the insurer's stock, including stock of any
11 subsidiary or controlling affiliate, for a loan made to a member of the
12 insurance holding company system.

13 5. If requested by the director, financial statements of or within
14 an insurance holding company system, including all affiliates. Financial
15 statements may include annual audited financial statements filed with the
16 United States securities and exchange commission pursuant to the
17 securities act of 1933 or the securities exchange act of 1934. An insurer
18 required to file financial statements pursuant to this paragraph may
19 satisfy the request by providing the director with the most recent parent
20 corporation financial statements filed with the United States securities
21 and exchange commission.

22 6. Other matters concerning transactions between registered
23 insurers and any affiliates as may be included from time to time in any
24 registration forms adopted or approved by the director.

25 7. A statement that the insurer's board of directors oversees
26 corporate governance and internal controls of the insurer and that the
27 insurer's officers or senior management have approved, ~~AND~~ AND implemented
28 and maintain and monitor corporate governance and internal control
29 procedures.

30 8. Any other information required by the director by rule.

31 B. All registration statements shall contain a summary outlining
32 all items in the current registration statement representing changes from
33 the prior registration statement.

34 C. A person within an insurance holding company system **THAT IS**
35 subject to registration shall provide complete and accurate information to
36 an insurer if this information is reasonably necessary to enable the
37 insurer to comply with this article.

38 **D. THE FOLLOWING PROVISIONS APPLY TO ENTERPRISE RISK FILINGS:**

39 ~~D.~~ 1. The ultimate controlling person of each insurer **THAT IS**
40 subject to registration shall file an annual enterprise risk report that
41 to the best of the ultimate controlling person's knowledge and belief
42 identifies the material risks within the insurance holding company system
43 that could pose enterprise risk to the insurer. The ultimate controlling
44 person shall file the report according to the procedures of the national
45 association of insurance commissioners' financial analysis handbook.

1 2. EXCEPT AS OTHERWISE PROVIDED IN THIS PARAGRAPH, THE ULTIMATE
2 CONTROLLING PERSON OF EACH INSURER THAT IS SUBJECT TO REGISTRATION SHALL
3 CONCURRENTLY FILE AN ANNUAL GROUP CAPITAL CALCULATION REPORT AS DIRECTED
4 BY THE LEAD STATE DIRECTOR OR COMMISSIONER. THE REPORT SHALL BE COMPLETED
5 IN ACCORDANCE WITH THE GROUP CAPITAL CALCULATION INSTRUCTIONS, WHICH MAY
6 ALLOW THE LEAD STATE DIRECTOR OR COMMISSIONER TO ALLOW A CONTROLLING
7 PERSON THAT IS NOT THE ULTIMATE CONTROLLING PERSON TO FILE THE GROUP
8 CAPITAL CALCULATION REPORT. THE REPORT SHALL BE FILED WITH THE LEAD STATE
9 DIRECTOR OR COMMISSIONER IN ACCORDANCE WITH THE PROCEDURES OUTLINED IN THE
10 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS' FINANCIAL ANALYSIS
11 HANDBOOK. THE FOLLOWING PROVISIONS APPLY TO FILING THE GROUP CAPITAL
12 CALCULATION REPORT:

13 (a) THE FOLLOWING INSURANCE HOLDING COMPANIES ARE EXEMPT FROM
14 FILING THE GROUP CAPITAL CALCULATION REPORT:

15 (i) AN INSURANCE HOLDING COMPANY SYSTEM THAT HAS ONLY ONE INSURER
16 WITHIN ITS HOLDING COMPANY STRUCTURE, THAT WRITES ONLY BUSINESS AND IS
17 LICENSED ONLY IN ITS DOMESTIC STATE AND THAT ASSUMES NO BUSINESS FROM ANY
18 OTHER INSURER.

19 (ii) AN INSURANCE HOLDING COMPANY SYSTEM THAT IS REQUIRED TO
20 PERFORM A GROUP CAPITAL CALCULATION SPECIFIED BY THE FEDERAL RESERVE
21 BOARD. THE LEAD STATE DIRECTOR OR COMMISSIONER SHALL REQUEST THE
22 CALCULATION FROM THE FEDERAL RESERVE BOARD UNDER THE TERMS OF INFORMATION
23 SHARING AGREEMENTS THAT ARE IN EFFECT. IF THE FEDERAL RESERVE BOARD
24 CANNOT SHARE THE CALCULATION WITH THE LEAD STATE DIRECTOR OR COMMISSIONER,
25 THE INSURANCE HOLDING COMPANY SYSTEM IS NOT EXEMPT FROM THE GROUP CAPITAL
26 CALCULATION FILING.

27 (iii) AN INSURANCE HOLDING COMPANY SYSTEM WHOSE NON-UNITED STATES
28 GROUP-WIDE SUPERVISOR IS LOCATED WITHIN A RECIPROCAL JURISDICTION, AS
29 DESCRIBED IN SECTION 20-3602, SUBSECTION H, PARAGRAPH 1, THAT RECOGNIZES
30 THE UNITED STATES STATE REGULATORY APPROACH TO GROUP SUPERVISION AND GROUP
31 CAPITAL.

32 (iv) AN INSURANCE HOLDING COMPANY SYSTEM THAT PROVIDES INFORMATION
33 TO THE LEAD STATE THAT MEETS THE REQUIREMENTS FOR ACCREDITATION UNDER THE
34 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS FINANCIAL STANDARDS AND
35 ACCREDITATION PROGRAM THROUGH THE GROUP-WIDE SUPERVISOR WHO HAS DETERMINED
36 THAT THE INFORMATION IS SATISFACTORY TO ALLOW THE LEAD STATE TO COMPLY
37 WITH THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS GROUP SUPERVISION
38 APPROACH IN ACCORDANCE WITH THE NATIONAL ASSOCIATION OF INSURANCE
39 COMMISSIONERS' FINANCIAL ANALYSIS HANDBOOK, AND WHOSE NON-UNITED STATES
40 GROUP-WIDE SUPERVISOR WHO IS NOT IN A RECIPROCAL JURISDICTION RECOGNIZES
41 AND ACCEPTS, AS SPECIFIED BY THE DIRECTOR, THE GROUP CAPITAL CALCULATION
42 AS A WORLDWIDE GROUP CAPITAL ASSESSMENT FOR UNITED STATES INSURANCE GROUPS
43 THAT OPERATE IN THAT JURISDICTION.

1 (b) NOTWITHSTANDING SUBDIVISION (a), ITEMS (iii) AND (iv) OF THIS
2 PARAGRAPH, A LEAD STATE DIRECTOR OR COMMISSIONER SHALL REQUIRE THE GROUP
3 CAPITAL CALCULATION FOR UNITED STATES OPERATIONS OF ANY NON-UNITED STATES
4 BASED INSURANCE HOLDING COMPANY SYSTEM WHERE, AFTER ANY NECESSARY
5 CONSULTATION WITH OTHER SUPERVISORS OR OFFICIALS, IT IS DEEMED APPROPRIATE
6 BY THE LEAD STATE DIRECTOR OR COMMISSIONER FOR PRUDENTIAL OVERSIGHT AND
7 SOLVENCY MONITORING PURPOSES OR FOR ENSURING THE COMPETITIVENESS OF THE
8 INSURANCE MARKETPLACE.

9 (c) NOTWITHSTANDING SUBDIVISION (a) OF THIS PARAGRAPH, THE LEAD
10 STATE DIRECTOR OR COMMISSIONER HAS DISCRETION TO EXEMPT THE ULTIMATE
11 CONTROLLING PERSON FROM FILING THE ANNUAL GROUP CAPITAL CALCULATION REPORT
12 OR TO ACCEPT A LIMITED GROUP CAPITAL FILING OR REPORT IN ACCORDANCE WITH
13 THE CRITERIA AS SPECIFIED BY THE DIRECTOR OR COMMISSIONER IN REGULATION.

14 (d) IF THE LEAD STATE DIRECTOR OR COMMISSIONER DETERMINES THAT AN
15 EXEMPTION FROM FILING THE GROUP CAPITAL CALCULATION REPORT NO LONGER
16 APPLIES TO AN INSURANCE HOLDING COMPANY SYSTEM, THE INSURANCE HOLDING
17 COMPANY SYSTEM SHALL FILE THE GROUP CAPITAL CALCULATION REPORT AT THE NEXT
18 ANNUAL FILING DATE UNLESS REASONABLE GROUNDS EXIST FOR THE LEAD STATE
19 DIRECTOR OR COMMISSIONER TO GRANT AN EXTENSION.

20 3. THE ULTIMATE CONTROLLING PERSON OF EACH INSURER THAT IS SUBJECT
21 TO REGISTRATION AND SELECTED INTO THE NATIONAL ASSOCIATION OF INSURANCE
22 COMMISSIONERS LIQUIDITY STRESS TEST FRAMEWORK SHALL FILE THE RESULTS OF A
23 SPECIFIC YEAR'S LIQUIDITY STRESS TEST WITH THE LEAD STATE DIRECTOR OR
24 COMMISSIONER ACCORDING TO THE PROCEDURES PRESCRIBED IN THE NATIONAL
25 ASSOCIATION OF INSURANCE COMMISSIONERS' FINANCIAL ANALYSIS HANDBOOK. THE
26 FOLLOWING PROVISIONS APPLY TO THE LIQUIDITY STRESS TEST FRAMEWORK:

27 (a) THE LIQUIDITY STRESS TEST FRAMEWORK INCLUDES SCOPE CRITERIA
28 THAT ARE APPLICABLE TO A SPECIFIC DATA YEAR. THE SCOPE CRITERIA MUST BE
29 REVIEWED AT LEAST ANNUALLY BY THE NATIONAL ASSOCIATION OF INSURANCE
30 COMMISSIONERS FINANCIAL STABILITY TASK FORCE OR ITS SUCCESSOR. ANY CHANGE
31 TO THE LIQUIDITY STRESS TEST FRAMEWORK OR TO A DATA YEAR FOR WHICH THE
32 SCOPE CRITERIA IS TO BE MEASURED SHALL BE EFFECTIVE ON JANUARY 1 OF THE
33 YEAR FOLLOWING THE CALENDAR YEAR WHEN THE CHANGES ARE ADOPTED. INSURERS
34 THAT MEET AT LEAST ONE THRESHOLD OF THE SCOPE CRITERIA ARE CONSIDERED
35 SELECTED INTO THE LIQUIDITY STRESS TEST FRAMEWORK FOR THE SPECIFIED DATA
36 YEAR UNLESS THE LEAD STATE DIRECTOR OR COMMISSIONER, IN CONSULTATION WITH
37 THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS FINANCIAL STABILITY
38 TASK FORCE OR ITS SUCCESSOR, DETERMINES THAT THE INSURER SHOULD NOT BE
39 INCLUDED INTO THE LIQUIDITY STRESS TEST FRAMEWORK FOR THAT DATA YEAR.
40 INSURERS THAT DO NOT MEET AT LEAST ONE THRESHOLD OF THE SCOPE CRITERIA ARE
41 EXCLUDED FROM THE LIQUIDITY STRESS TEST FRAMEWORK FOR THE SPECIFIED DATA
42 YEAR UNLESS THE DIRECTOR, IN CONSULTATION WITH THE NATIONAL ASSOCIATION OF
43 INSURANCE COMMISSIONERS FINANCIAL STABILITY TASK FORCE OR ITS SUCCESSOR,
44 DETERMINES THAT THE INSURER SHOULD BE INCLUDED INTO THE LIQUIDITY STRESS
45 TEST FRAMEWORK FOR THAT DATA YEAR.

1 (b) AN INSURANCE HOLDING COMPANY SYSTEM SHALL PERFORM AND FILE A
2 SPECIFIC YEAR'S LIQUIDITY STRESS TEST IN ACCORDANCE WITH THE LIQUIDITY
3 STRESS TEST FRAMEWORK'S INSTRUCTIONS AND REPORTING TEMPLATES FOR THAT
4 SPECIFIC YEAR AND ANY LEAD STATE DIRECTOR OR COMMISSIONER DETERMINATIONS.

5 Sec. 4. Section 20-481.11, Arizona Revised Statutes, is amended to
6 read:

7 20-481.11. Exemption for nonmaterial items

8 A. No information need be disclosed on the registration statement
9 filed under section 20-481.10 if such information is not material.

10 B. Unless otherwise prescribed by the director, sales, purchases,
11 exchanges, loans or extensions of credit, or investments, involving
12 one-half of one ~~per cent~~ PERCENT or less of an insurer's admitted assets
13 as of ~~the thirty-first day of~~ December 31 next preceding shall not be
14 deemed material. FOR THE PURPOSES OF THIS SUBSECTION, WHAT IS CONSIDERED
15 MATERIAL DOES NOT APPLY TO THE GROUP CAPITAL CALCULATION OR TO THE
16 LIQUIDITY STRESS TEST FRAMEWORK.

17 Sec. 5. Section 20-481.12, Arizona Revised Statutes, is amended to
18 read:

19 20-481.12. Standards

20 A. Transactions within an insurance holding company system to which
21 an insurer subject to registration is a party are subject to the following
22 standards:

- 23 1. The terms are fair and reasonable.
- 24 2. Agreements for cost sharing or management services and
25 management must include provisions that are required by rule.
- 26 3. Charges or fees for services performed are reasonable.
- 27 4. Expenses incurred and payment received are allocated to the
28 insurer in conformity with customary insurance accounting practices
29 consistently applied.
- 30 5. The books, accounts and records of each party to all
31 transactions clearly and accurately disclose the nature and details of the
32 transactions including any accounting information that is necessary to
33 support the reasonableness of the charges or fees to the respective
34 parties.
- 35 6. The insurer's surplus as regards policyholders following any
36 dividends or distributions to shareholder affiliates is reasonable in
37 relation to the insurer's outstanding liabilities and adequate to its
38 financial needs.
- 39 7. IF THE DIRECTOR DEEMS THAT AN INSURER SUBJECT TO THIS ARTICLE IS
40 IN A HAZARDOUS FINANCIAL CONDITION PURSUANT TO SECTION 20-220.01 OR THAT A
41 CONDITION EXISTS THAT CONSTITUTES GROUNDS FOR SUPERVISION, CONSERVATION OR
42 A DELINQUENCY PROCEEDING, THE DIRECTOR MAY REQUIRE THE INSURER TO SUBMIT A
43 DEPOSIT, HELD BY THE DIRECTOR, OR A BOND TO PROTECT THE INSURER FOR THE
44 DURATION OF ANY OUTSTANDING CONTRACT OR AGREEMENT. IN DETERMINING WHETHER
45 TO REQUIRE A DEPOSIT OR BOND, THE DIRECTOR SHALL CONSIDER WHETHER AN

1 AFFILIATED PERSON WOULD BE ABLE TO FULFILL THE CONTRACT OR AGREEMENT IF
2 THE INSURER WERE TO BE PLACED INTO LIQUIDATION. THE DIRECTOR MAY
3 DETERMINE THE AMOUNT OF THE DEPOSIT OR BOND, NOT TO EXCEED THE VALUE OF
4 THE CONTRACT OR AGREEMENT IN ANY ONE YEAR, AND WHETHER THE DEPOSIT OR BOND
5 SHOULD BE REQUIRED FOR A SINGLE CONTRACT, MULTIPLE CONTRACTS OR A CONTRACT
6 WITH A SPECIFIC PERSON.

7 8. ALL RECORDS AND DATA OF THE INSURER THAT ARE HELD BY AN
8 AFFILIATE ARE THE PROPERTY OF THE INSURER AND ARE SUBJECT TO THE INSURER'S
9 CONTROL. THE RECORDS AND DATA MUST BE MAINTAINED IN AN IDENTIFIABLE
10 MANNER AND MUST BE SEGREGATED OR READILY CAPABLE OF BEING SEGREGATED AT NO
11 ADDITIONAL COST TO THE INSURER. AT THE REQUEST OF THE INSURER, THE
12 AFFILIATE SHALL ALLOW THE RECEIVER TO OBTAIN A COMPLETE SET OF ALL RECORDS
13 OF ANY TYPE THAT PERTAIN TO THE INSURER'S BUSINESS, OBTAIN ACCESS TO THE
14 OPERATING SYSTEMS ON WHICH THE DATA IS MAINTAINED, OBTAIN THE SOFTWARE
15 THAT RUNS THOSE SYSTEMS AND RESTRICT THE USE OF THE DATA BY THE AFFILIATE
16 IF IT IS NOT OPERATING THE INSURER'S BUSINESS. NOTWITHSTANDING ANY OTHER
17 LAW, THE AFFILIATE SHALL PROVIDE A WAIVER OF ANY LANDLORD LIEN OR OTHER
18 ENCUMBRANCE TO GIVE THE INSURER ACCESS TO ALL RECORDS AND DATA IN THE
19 EVENT OF THE AFFILIATE'S DEFAULT UNDER A LEASE OR OTHER AGREEMENT. FOR
20 THE PURPOSES OF THIS PARAGRAPH, "ALL RECORDS AND DATA" INCLUDES CLAIMS AND
21 CLAIM FILES, POLICYHOLDER LISTS, APPLICATION FILES, LITIGATION FILES,
22 PREMIUM RECORDS, RATE BOOKS, UNDERWRITING MANUALS, PERSONNEL RECORDS,
23 FINANCIAL RECORDS OR SIMILAR RECORDS WITHIN THE POSSESSION, CUSTODY OR
24 CONTROL OF THE AFFILIATE.

25 9. PREMIUMS OR OTHER FUNDS THAT BELONG TO THE INSURER AND THAT ARE
26 COLLECTED BY OR HELD BY AN AFFILIATE ARE THE EXCLUSIVE PROPERTY OF THE
27 INSURER AND ARE SUBJECT TO THE CONTROL OF THE INSURER. IF AN INSURER IS
28 PLACED INTO RECEIVERSHIP, ANY RIGHT OF OFFSET IS SUBJECT TO CHAPTER 3,
29 ARTICLE 4 OF THIS TITLE.

30 B. The following transactions involving a domestic insurer and any
31 person in its insurance holding company system, including amendments and
32 modifications of affiliate agreements previously filed pursuant to this
33 section that are subject to any materiality standards contained in
34 paragraphs 1, 2, 3, 4 and 5 of this subsection, may not be entered into
35 unless the insurer notifies the director in writing not less than thirty
36 days before entering the transaction, unless the director permits a
37 shorter notification period, of its intention to enter into the
38 transaction and the director does not disapprove the transaction within
39 that period:

40 1. Sales, purchases, exchanges, loans or extensions of credit,
41 guarantees or investments if the transactions equal or exceed, with
42 respect to nonlife insurers, the lesser of three ~~per cent~~ PERCENT of the
43 insurer's admitted assets or twenty-five ~~per cent~~ PERCENT of surplus as
44 regards policyholders as of December 31 next preceding or, with respect to

1 life insurers, three ~~per cent~~ PERCENT of the insurer's admitted assets as
2 of December 31 next preceding.

3 2. Loans or extensions of credit to any person who is not an
4 affiliate if the insurer makes the loans or extensions of credit with the
5 agreement or understanding that the proceeds of the transactions, in whole
6 or in substantial part, are to be used to make loans or extensions of
7 credit to, to purchase assets of or to make investments in any affiliate
8 of the insurer making such loans or extensions of credit if the
9 transactions equal or exceed, with respect to nonlife insurers, the lesser
10 of three ~~per cent~~ PERCENT of the insurer's admitted assets or twenty-five
11 ~~per cent~~ PERCENT of surplus as regards policyholders as of December 31
12 next preceding or, with respect to life insurers, three ~~per cent~~ PERCENT
13 of the insurer's admitted assets as of December 31 next preceding.

14 3. Reinsurance agreements or modifications to reinsurance
15 agreements, including:

16 (a) All reinsurance pooling agreements.

17 (b) Agreements in which the reinsurance premium or a change in the
18 insurer's liabilities, or the projected reinsurance premium or a change in
19 the insurer's liabilities in any of the next three years, equals or
20 exceeds five ~~per cent~~ PERCENT of the insurer's surplus as regards
21 policyholders as of December 31 next preceding, including those agreements
22 that may require as consideration the transfer of assets from an insurer
23 to a nonaffiliate if an agreement or understanding exists between the
24 insurer and the nonaffiliate that any portion of the assets will be
25 transferred to one or more affiliates of the insurer.

26 4. All management agreements, service contracts, tax allocation
27 agreements, guarantees and ~~cost-sharing~~ COST SHARING arrangements.

28 5. Guarantees at the time executed by a domestic insurer, provided
29 that a guarantee that is quantifiable as to amount is not subject to the
30 notice requirements of this subsection unless the guarantee exceeds the
31 lesser of one-half of one ~~per cent~~ PERCENT of the insurer's admitted
32 assets or ten ~~per cent~~ PERCENT of the insurer's surplus as regards
33 policyholders as of December 31 next preceding the execution of the
34 guarantee. All guarantees that are not quantifiable as to amount are
35 subject to the notice requirements of this subsection.

36 6. Direct or indirect acquisitions or investments in a person that
37 controls the insurer or in an affiliate of the insurer in an amount that,
38 together with its present holding in such investments, exceeds two and
39 one-half ~~per cent~~ PERCENT of the insurer's surplus to policyholders.
40 Direct or indirect acquisitions or investments in subsidiaries acquired
41 pursuant to section 20-481.01, or in nonsubsidiary insurance affiliates
42 that are subject to this article, are exempt from this requirement.

43 7. Any material transaction that is specified by rule and that the
44 director determines may adversely affect the interests of the insurer's
45 policyholders.

1 C. The notice prescribed in subsection B of this section for
2 amendments or modifications must include the reasons for the change and
3 the financial impact on the domestic insurer. Informal notice shall be
4 given within thirty days after a termination of a previously filed
5 agreement to the director for determination of the type of filing
6 required, if any.

7 D. Subsection B of this section does not authorize or ~~permit~~ ALLOW
8 any transactions that would be otherwise contrary to law.

9 E. A domestic insurer shall not enter into transactions that are
10 part of a plan or series of like transactions with persons within the
11 holding company system if the purpose of those separate transactions is to
12 avoid the statutory threshold amount and thereby avoid the review that
13 otherwise would occur. If the director determines that separate
14 transactions were entered into during any twelve month period for that
15 purpose, the director may order the insurer to cease and desist under
16 section 20-481.26.

17 F. In reviewing transactions pursuant to subsection B of this
18 section, the director shall consider if the transactions comply with the
19 standards set forth in subsection A of this section and if they adversely
20 affect the interests of policyholders.

21 G. Within thirty days ~~of~~ AFTER an investment of a domestic insurer
22 in any one corporation the director shall be notified of the investment if
23 the total investment in the corporation by the insurance holding company
24 system exceeds ten ~~per cent~~ PERCENT of the corporation's voting
25 securities.

26 H. The director may adopt rules to exempt transactions involving
27 nonmaterial amounts from the notice requirements of this section.

28 I. FOR THE PURPOSES OF SUPERVISION, SEIZURE, CONSERVATORSHIP OR
29 RECEIVERSHIP PROCEEDINGS:

30 1. AN AFFILIATE THAT IS A PARTY TO AN AGREEMENT OR CONTRACT WITH A
31 DOMESTIC INSURER THAT IS SUBJECT TO SUBSECTION B, PARAGRAPH 4 OF THIS
32 SECTION IS SUBJECT TO THE JURISDICTION OF ANY SUPERVISION, SEIZURE,
33 CONSERVATORSHIP OR RECEIVERSHIP PROCEEDINGS AGAINST THE INSURER AND TO THE
34 AUTHORITY OF ANY SUPERVISOR, CONSERVATOR, REHABILITATOR OR LIQUIDATOR FOR
35 THE INSURER THAT IS APPOINTED PURSUANT TO CHAPTER 3, ARTICLE 4 OF THIS
36 TITLE FOR THE PURPOSE OF INTERPRETING, ENFORCING AND OVERSEEING THE
37 AFFILIATE'S OBLIGATIONS UNDER THE AGREEMENT OR CONTRACT TO PERFORM
38 SERVICES FOR THE INSURER THAT EITHER:

39 (a) ARE AN INTEGRAL PART OF THE INSURER'S OPERATIONS, INCLUDING
40 MANAGEMENT, ADMINISTRATIVE, ACCOUNTING, DATA PROCESSING, MARKETING,
41 UNDERWRITING, CLAIMS HANDLING, INVESTMENT OR OTHER SIMILAR FUNCTIONS.

42 (b) ARE ESSENTIAL TO THE INSURER'S ABILITY TO FULFILL ITS
43 OBLIGATIONS UNDER INSURANCE POLICIES.

44 2. THE DIRECTOR MAY REQUIRE THAT AN AGREEMENT OR CONTRACT PURSUANT
45 TO SUBSECTION B, PARAGRAPH 4 OF THIS SECTION FOR THE PROVISION OF SERVICES

1 DESCRIBED IN PARAGRAPH 1 OF THIS SUBSECTION SPECIFY THAT THE AFFILIATE
2 CONSENTS TO THE JURISDICTION PRESCRIBED IN THIS SUBSECTION.

3 Sec. 6. Section 20-481.21, Arizona Revised Statutes, is amended to
4 read:

5 20-481.21. Confidential records; consent to release; release
6 without consent; information sharing

7 A. All documents, materials or other information that is in the
8 possession or control of the department and that is obtained by or
9 disclosed to the director or any other person in the course of a filing,
10 an examination or an investigation made pursuant to sections 20-481.03,
11 20-481.10, 20-481.12, 20-481.19 and 20-481.20 is **RECOGNIZED BY THIS STATE**
12 **AS BEING PROPRIETARY AND CONTAINING TRADE SECRETS**, IS confidential and
13 privileged, is not subject to title 39, chapter 1, article 2, is not
14 subject to subpoena and ~~shall~~ IS not ~~be~~ subject to discovery or admissible
15 as evidence in a private civil action. The director may use the
16 documents, materials or other information in the furtherance of any
17 regulatory or legal action brought as a part of the director's official
18 duties. The director shall not make the documents, materials or other
19 information public without the prior written consent of the insurer to
20 which it pertains unless the director determines, after giving the insurer
21 and its affiliates who would be affected by the publication notice and an
22 opportunity to be heard, that the interests of policyholders, shareholders
23 or the public will be served by the publication. The director may then
24 publish all or any part of the documents, materials or other information
25 as the director deems appropriate.

26 B. FOR THE PURPOSES OF THE INFORMATION THAT IS REPORTED AND
27 PROVIDED TO THE DEPARTMENT PURSUANT TO SECTION 20-481.10, SUBSECTION D,
28 PARAGRAPH 2, THE DIRECTOR SHALL MAINTAIN THE CONFIDENTIALITY OF THE
29 FOLLOWING:

30 1. THE GROUP CAPITAL CALCULATION AND THE GROUP CAPITAL RATIO
31 PRODUCED WITHIN THE CALCULATION.

32 2. ANY GROUP CAPITAL CALCULATION INFORMATION THAT IS RECEIVED FROM
33 AN INSURANCE HOLDING COMPANY SYSTEM SUPERVISED BY THE FEDERAL RESERVE
34 BOARD OR ANY UNITED STATES GROUP-WIDE SUPERVISOR.

35 C. FOR THE PURPOSES OF THE INFORMATION THAT IS REPORTED AND
36 PROVIDED TO THE DEPARTMENT PURSUANT TO SECTION 20-481.10, SUBSECTION D,
37 PARAGRAPH 3, THE DIRECTOR SHALL MAINTAIN THE CONFIDENTIALITY OF THE
38 LIQUIDITY STRESS TEST RESULTS AND SUPPORTING DISCLOSURES AND ANY LIQUIDITY
39 STRESS TEST FRAMEWORK INFORMATION THAT IS RECEIVED FROM AN INSURANCE
40 HOLDING COMPANY SYSTEM SUPERVISED BY THE FEDERAL RESERVE BOARD OR ANY
41 NON-UNITED STATES GROUP-WIDE SUPERVISOR.

42 ~~B.~~ D. The director may:

43 1. Share nonpublic documents, materials or other information,
44 **INCLUDING PROPRIETARY AND TRADE SECRET DOCUMENTS AND MATERIALS**, with other
45 state, federal and international regulatory agencies, with the national

1 association of insurance commissioners ~~and its affiliates and subsidiaries~~
2 and WITH ANY THIRD-PARTY CONSULTANTS DESIGNATED BY THE DIRECTOR, with
3 state, federal and international law enforcement authorities, including
4 members of any supervisory college described in section 20-481.31, if the
5 recipient agrees and warrants that it has the authority to maintain the
6 confidentiality and privileged status of the documents, materials or other
7 information and has verified in writing the legal authority to maintain
8 confidentiality.

9 2. Receive documents, materials and other information, INCLUDING
10 PROPRIETARY AND TRADE SECRET DOCUMENTS AND MATERIALS, from the national
11 association of insurance commissioners ~~and its affiliates and subsidiaries~~
12 OR A THIRD-PARTY CONSULTANT DESIGNATED BY THE DIRECTOR and from regulatory
13 and law enforcement officials of other jurisdictions and shall maintain as
14 confidential or privileged any document, material or other information
15 received with notice or the understanding that it is confidential or
16 privileged under the laws of the jurisdiction that is the source of the
17 document, material or other information.

18 ~~C.~~ E. The director shall enter into written agreements with the
19 national association of insurance commissioners AND ANY THIRD-PARTY
20 CONSULTANT DESIGNATED BY THE DIRECTOR that govern the sharing and use of
21 information provided pursuant to this article and that are consistent with
22 this section and that do all of the following:

23 1. Specify procedures and protocols regarding the confidentiality
24 and security of information shared with the national association of
25 insurance commissioners ~~and its affiliates and subsidiaries~~ OR A
26 THIRD-PARTY CONSULTANT DESIGNATED BY THE DIRECTOR pursuant to this
27 article, including procedures and protocols for sharing information by the
28 national association of insurance commissioners with other state, federal
29 or international regulators. THE AGREEMENT SHALL PROVIDE THAT THE
30 RECIPIENT AGREES IN WRITING TO MAINTAIN THE CONFIDENTIALITY AND PRIVILEGED
31 STATUS OF THE DOCUMENTS, MATERIALS OR OTHER INFORMATION AND HAS VERIFIED
32 IN WRITING THE LEGAL AUTHORITY TO MAINTAIN SUCH CONFIDENTIALITY.

33 2. Specify that the director has ownership of all information
34 shared with the national association of insurance commissioners ~~and its~~
35 ~~affiliates and subsidiaries~~ OR A THIRD-PARTY CONSULTANT DESIGNATED BY THE
36 DIRECTOR pursuant to this article and the national association of
37 insurance commissioners' OR THE THIRD-PARTY CONSULTANT'S use of the
38 information is subject to the direction of the director.

39 3. EXCEPT AS PROVIDED IN SECTION 20-481.10, SUBSECTION D, PARAGRAPH
40 3, PROHIBIT THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS OR A
41 THIRD-PARTY CONSULTANT DESIGNATED BY THE DIRECTOR FROM STORING THE
42 INFORMATION SHARED IN THIS ARTICLE IN A PERMANENT DATABASE AFTER THE
43 UNDERLYING ANALYSIS IS COMPLETED.

1 ~~3.~~ 4. Require prompt notice to be given to an insurer whose
2 confidential information in the possession of the national association of
3 insurance commissioners or ~~its affiliates or subsidiaries~~ A THIRD-PARTY
4 CONSULTANT DESIGNATED BY THE DIRECTOR pursuant to this article is subject
5 to a request or subpoena to the national association of insurance
6 commissioners or ~~its affiliates or subsidiaries~~ A THIRD-PARTY CONSULTANT
7 DESIGNATED BY THE DIRECTOR for disclosure or production.

8 ~~4.~~ 5. Require the national association of insurance commissioners
9 ~~and its affiliates or subsidiaries~~ OR A THIRD-PARTY CONSULTANT DESIGNATED
10 BY THE DIRECTOR to consent to intervention by an insurer in any judicial
11 or administrative action in which the national association of insurance
12 commissioners ~~and its affiliates or subsidiaries~~ OR A THIRD-PARTY
13 CONSULTANT DESIGNATED BY THE DIRECTOR may be required to disclose
14 confidential information about the insurer shared with the national
15 association of insurance commissioners and its affiliates and subsidiaries
16 pursuant to this article.

17 6. FOR REPORTING PURSUANT TO SECTION 20-481.10, SUBSECTION D,
18 PARAGRAPH 3, IF THE AGREEMENT INVOLVES A THIRD-PARTY CONSULTANT, PROVIDE
19 NOTIFICATION OF THE IDENTITY OF ANY THIRD-PARTY CONSULTANT TO ALL
20 APPLICABLE INSURERS.

21 ~~D.~~ F. Notwithstanding subsection ~~B~~ D, paragraph 1 of this
22 section, the director may share confidential and privileged documents,
23 material or information reported pursuant to section 20-481.10, subsection
24 D only with the directors or commissioners of insurance of other states
25 having statutes or regulations substantially similar to subsection A of
26 this section and who have agreed in writing not to disclose such
27 information. The sharing of information by the director pursuant to this
28 article does not constitute a delegation of regulatory authority by the
29 director and the director is solely responsible for the administration,
30 execution and enforcement of this article.

31 ~~E.~~ G. A disclosure to or by the director pursuant to this section
32 or as a result of sharing information pursuant to subsection ~~B~~ D of this
33 section is not a waiver of any applicable privilege or claim of
34 confidentiality in the documents, materials or other information disclosed
35 or shared.

36 ~~F.~~ H. Documents, materials or other information in the possession
37 or control of the national association of insurance commissioners or ~~its~~
38 ~~affiliates or subsidiaries~~ A THIRD-PARTY CONSULTANT DESIGNATED BY THE
39 DIRECTOR pursuant to this article is confidential by law and privileged,
40 is not subject to title 39, chapter 1, article 2, is not subject to
41 subpoena and is not subject to discovery or admissible in evidence in any
42 private civil action.

43 I. THE GROUP CAPITAL CALCULATION AND RESULTING GROUP CAPITAL RATIO
44 REQUIRED BY SECTION 20-481.10, SUBSECTION D, PARAGRAPH 2 AND THE LIQUIDITY
45 STRESS TEST ALONG WITH ITS RESULTS AND SUPPORTING DISCLOSURES REQUIRED BY

1 SECTION 20-481.10, SUBSECTION D, PARAGRAPH 3 ARE REGULATORY TOOLS FOR
2 ASSESSING GROUP RISKS AND CAPITAL ADEQUACY AND GROUP LIQUIDITY RISKS,
3 RESPECTIVELY, AND ARE NOT INTENDED AS A MEANS TO RANK INSURERS OR
4 INSURANCE HOLDING COMPANY SYSTEMS GENERALLY. EXCEPT AS OTHERWISE PROVIDED
5 IN THIS ARTICLE, THE MAKING, PUBLISHING, DISSEMINATING, CIRCULATING OR
6 PLACING BEFORE THE PUBLIC, OR CAUSING DIRECTLY OR INDIRECTLY TO BE MADE,
7 PUBLISHED, DISSEMINATED, CIRCULATED OR PLACED BEFORE THE PUBLIC IN A
8 NEWSPAPER, MAGAZINE OR OTHER PUBLICATION, OR IN THE FORM OF A NOTICE,
9 CIRCULAR, PAMPHLET, LETTER OR POSTER, OR OVER ANY RADIO OR TELEVISION
10 STATION OR ANY ELECTRONIC MEANS OF COMMUNICATION AVAILABLE TO THE PUBLIC,
11 OR IN ANY OTHER WAY AS AN ADVERTISEMENT, ANNOUNCEMENT OR STATEMENT
12 CONTAINING A REPRESENTATION OR STATEMENT WITH REGARD TO THE GROUP CAPITAL
13 CALCULATION, GROUP CAPITAL RATIO, THE LIQUIDITY STRESS TEST RESULTS, OR
14 SUPPORTING DISCLOSURES FOR THE LIQUIDITY STRESS TEST OF ANY INSURER OR ANY
15 INSURER GROUP, OR OF ANY COMPONENT DERIVED IN THE CALCULATION BY ANY
16 INSURER, BROKER OR OTHER PERSON ENGAGED IN ANY MANNER IN THE INSURANCE
17 BUSINESS WOULD BE MISLEADING AND IS PROHIBITED. IF ANY MATERIALLY FALSE
18 STATEMENT WITH RESPECT TO THE GROUP CAPITAL CALCULATION, RESULTING GROUP
19 CAPITAL RATIO, AN INAPPROPRIATE COMPARISON OF ANY AMOUNT TO AN INSURER'S
20 OR INSURANCE GROUP'S GROUP CAPITAL CALCULATION OR RESULTING GROUP CAPITAL
21 RATIO, LIQUIDITY STRESS TEST RESULT, SUPPORTING DISCLOSURES FOR THE
22 LIQUIDITY STRESS TEST OR AN INAPPROPRIATE COMPARISON OF ANY AMOUNT TO AN
23 INSURER'S OR INSURANCE GROUP'S LIQUIDITY STRESS TEST RESULT OR SUPPORTING
24 DISCLOSURES IS PUBLISHED IN ANY WRITTEN PUBLICATION AND THE INSURER IS
25 ABLE TO DEMONSTRATE TO THE COMMISSIONER WITH SUBSTANTIAL PROOF THE FALSITY
26 OF THE STATEMENT OR THE INAPPROPRIATE COMPARISON, THE INSURER MAY PUBLISH
27 ANNOUNCEMENTS IN A WRITTEN PUBLICATION IF THE SOLE PURPOSE OF THE
28 ANNOUNCEMENT IS TO REBUT THE MATERIALLY FALSE STATEMENT.