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2025

Proposed Rulemaking

Title

Promulgated by:
State Insurance Department

Title 23. Public Utilities and Regulated Industries

Chapter I. State Insurance Department, Department of Commerce

Subchapter A. Generally

Part 9. Insurance Holding Company Systems with Reporting Forms and Instructions

Subpart 1. Generally

23 CAR § 9-101. Purpose.

(a) The purpose of this rule is to set forth rules and procedures that the Insurance Commissioner deems necessary to carry out the provisions of the Insurance Holding Company Regulatory Act, Arkansas Code § 23-63-501 et seq., hereinafter referred to as "the act".

(b) The information to be filed pursuant to this rule is hereby declared to be necessary and appropriate in the public interest and for the protection of the policyholders in this state.

23 CAR § 9-102. Definitions.

(a) As used in this part:

(1) "Commissioner" means the Insurance Commissioner;

(2) "Enterprise risk" means any activity, circumstance, event, or series of events involving at least one (1) affiliate of an insurer that, if not remedied, is likely to have a material adverse effect on the financial condition or liquidity of the insurer or the

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insurer's insurance holding company as a whole, including any action that may cause an insurer's risk-based capital to fall into company action level or cause an insurer to be in hazardous financial condition;

(3) "Executive officer" means:

(A) Chief executive officer;

(B) Chief operating officer;

(C) Chief financial officer;

(D) Treasurer;

(E) Secretary;

(F) Controller; and

(G) Any other individual performing functions corresponding to those performed by the foregoing officers under whatever title; and

(4) "Ultimate controlling person" means that person which is not controlled by any other person.

(b)(1) Unless the context otherwise requires, other terms found in this rule and in Arkansas Code § 23-63-503 are used as defined in the Insurance Holding Company Regulatory Act, Arkansas Code § 23-63-501 et seq.,⁻ if not defined herein.

(2) Other nomenclature or terminology is in accordance with the Arkansas Insurance Code or industry usage if not defined by the Arkansas Insurance Code.

23 CAR § 1-103. Severability clause.

If any provision of this rule, or the application thereof to any person or circumstance, is held invalid, such determination shall not affect other provisions or applications of this rule which can be given effect without the invalid provision or application, and to that end the provisions of this rule are severable.

23 CAR § 1-104. Forms — General requirements.

(a)(1) Forms A, B, C, D, E, and F are intended to be guides in the preparation of the statements required by the Insurance Holding Company Regulatory Act, Arkansas Code § 23-63-501 et seq.

(2) They are not intended to be blank forms which are to be filled in.

(3) The statements filed shall contain the numbers and captions of all items, but the text of the items may be omitted, provided the answers thereto are prepared in such a manner as to indicate clearly the scope and coverage of the items.

(4) All instructions, whether appearing under the items of the form or elsewhere therein, are to be omitted.

(5) Unless expressly provided otherwise, if any item is inapplicable or the answer thereto is in the negative, an appropriate statement to that effect shall be made.

(b)(1) Two (2) complete copies of each statement including exhibits and all other papers and documents filed as a part thereof, accompanied by the appropriate filing fee set forth in 23 CAR pt. 22, shall be filed with the Insurance Commissioner by personal delivery or mail addressed to:

Insurance Commissioner of the State of Arkansas
One Commerce Way, Suite 102
Little Rock, Arkansas 72202
Attention: Legal Division

(2)(A) At least one (1) of the copies shall be manually signed in the manner prescribed on the form.

(B) Unsigned copies shall be conformed.

(3) If the signature of any person is affixed pursuant to a power of attorney or other similar authority, a copy of such power of attorney or other authority shall also be filed with the statement.

(c)(1) Statements shall be easily readable and suitable for review and reproduction.

(2) Debits in credit categories and credits in debit categories shall be designated so as to be clearly distinguishable as such on photocopies.

(3)(A) Statements shall be in the English language and monetary values shall be stated in United States currency.

(B) If any exhibit or other paper or document filed with the statement is in a foreign language, it shall be accompanied by a translation into the English language, and any monetary value shown in a foreign currency normally shall be converted into United States currency.

23 CAR § 9-105. Forms — Incorporation by reference, summaries, and omissions.

(a)(1) Information required by any item of Form A, Form B, Form D, Form E, or Form F may be incorporated by reference in answer or partial answer to any other item.

(2) Information contained in any financial statement, annual report, proxy statement, statement filed with a governmental authority, or any other document may be incorporated by reference in answer or partial answer to any item of Form A, Form B, Form D, Form E, or Form F provided such document or paper is filed as an exhibit to the statement.

(3) Excerpts of documents may be filed as exhibits if the documents are extensive.

(4)(A) Documents currently on file with the Insurance Commissioner which were filed within three (3) years need not be attached as exhibits.

(B) References to information contained in exhibits or in documents already on file shall:

(i) Clearly identify the material; and

(ii) Specifically indicate that such material is to be incorporated by reference in answer to the item.

(5) Matter shall not be incorporated by reference in any case where such incorporation would render the statement:

(A) Incomplete;

(B) Unclear; or

(C) Confusing.

(b)(1) Where an item requires a summary or outline of the provisions of any document, only a brief statement shall be made as to the pertinent provisions of the document.

(2) In addition to such statement, the summary or outline may incorporate by reference particular parts of any exhibit or document currently on file with the commissioner which was filed within three (3) years and may be qualified in its entirety by such reference.

(3) In any case where two (2) or more documents required to be filed as exhibits are substantially identical in all material respects except as to the parties thereto, the dates of execution, or other details, a copy of only one (1) of such documents need be filed with a schedule identifying the omitted documents and setting forth the material details in which the documents differ from the documents, a copy of which is filed.

23 CAR § 9-106. Forms — Information unknown or unavailable and extension of time to furnish.

If it is impractical to furnish any required information, document, or report at the time it is required to be filed, there shall be filed with the Insurance Commissioner a separate document:

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

(B) The request for extension shall be deemed granted unless the commissioner within sixty (60) days after receipt thereof enters an order denying the request.

23 CAR § 9-107. Forms — Additional Information and exhibits.

(a)(1) In addition to the information expressly required to be included in Form A, Form B, Form C, Form D, Form E, and Form F, the Insurance Commissioner may

request such further material information, if any, as may be necessary to make the information contained therein not misleading.

(2)(A) The person filing may also file such exhibits as it may desire in addition to those expressly required by the statement.

(B) Such exhibits shall be so marked as to indicate clearly the subject matters to which they refer.

(b) Changes to Forms A, B, C, D, E, or F shall:

(1) Include on the top of the cover page the phrase: "Change No. [insert number] to"; and

(2) Indicate the date of the change and not the date of the original filing.

23 CAR § 9-108. Subsidiaries of domestic insurers.

The authority to invest in subsidiaries under Arkansas Code § 23-63-505 is in addition to any authority to invest in subsidiaries which may be contained in any other provision of the Arkansas Insurance Code.

23 CAR § 9-109. Acquisition of control — Statement filing.

(a) A person required to file a statement pursuant to Arkansas Code §§ 23-63-506 – 23-63-513 shall furnish the required information on Form A, hereby made a part of this rule.

(b) Such person shall also furnish the required information on Form E, hereby made a part of this rule and described in 23 CAR § 9-112.

23 CAR § 9-110. Amendments to Form A.

The applicant shall promptly advise the Insurance Commissioner of any changes in the information furnished on Form A arising subsequent to the date upon which such information was furnished but prior to the commissioner's disposition of the application.

23 CAR § 9-111. Acquisition of Arkansas Code § 23-63-506 insurers.

(a) If the person being acquired is deemed to be a “domestic insurer” solely because of the provisions of Arkansas Code § 23-63-506, the name of the domestic insurer on the cover page should be indicated as follows:

“ABC Insurance Company, a subsidiary of XYZ Holding Company”.

(b) Where an Arkansas Code § 23-63-506 insurer is being acquired, references to “the insurer” contained in Form A shall refer to both:

- (1) The domestic subsidiary insurer; and
- (2) The person being acquired.

23 CAR § 9-112. Preacquisition notification.

(a) If a domestic insurer, including any person controlling a domestic insurer, is proposing a merger or acquisition pursuant to Arkansas Code §§ 23-63-506 – 23-63-513, that person shall file a preacquisition notification form, Form E, which was developed pursuant to Arkansas Code § 23-63-527.

(b) Additionally, if a nondomiciliary insurer licensed to do business in this state is proposing a merger or acquisition pursuant to Arkansas Code §§ 23-63-525 – 23-63-530, that person shall file a preacquisition notification form, Form E.

(c) No preacquisition notification form need be filed if the acquisition is beyond the scope of Arkansas Code §§ 23-63-525 – 23-63-528, as set forth in Arkansas Code § 23-63-526(b), unless the Insurance Commissioner so requests.

(d) In addition to the information required by Form E, the commissioner may wish to require an expert opinion as to the competitive impact of the proposed acquisition.

23 CAR § 9-113. Statement filing — Annual registration of insurers.

(a) An insurer required to file and maintain a registration statement pursuant to Arkansas Code § 23-63-514 shall furnish the required information on Form B, hereby made a part of this rule.

(b) Notwithstanding the frequency or lack of filed amendments that report material transactions in the intervening period, each domestic insurer subject to registration under this rule shall update, restate, and refile with the State Insurance Department a full and complete registration statement, Form B, with the companion summary, Form C, annually on or before May 1.

23 CAR § 9-114. Statement filing — Summary of registration.

(a) An insurer required to file and maintain a registration statement pursuant to Arkansas Code § 23-63-514 is also required to furnish information required on Form C, hereby made a part of this rule.

(b) A copy of Form C shall be filed in each state in which an insurer is authorized to do business, if the insurance commissioner of that state has notified the insurer of its request in writing, in which case the insurer has twenty (20) days from receipt of the notice to file such form.

23 CAR § 9-115. Amendments to Form B.

(a) An amendment to Form B shall be filed within fifteen (15) days after the end of any month in which there is a material change to the information provided in the annual registration statement.

(b)(1) Amendments shall be filed in the Form B format reporting only those items which are being amended.

(2) Each amendment shall:

(A) Include at the top of the cover page "AMENDMENT NO. [insert number] to Form B for [insert year]"; and

(B) Indicate the date of the change and not the date of the original filings.

23 CAR § 9-116. Alternative and consolidated registrations.

(a)(1) Any authorized insurer may file a registration statement on behalf of any affiliated insurer or insurers which are required to register under Arkansas Code § 23-63-514.

(2) A registration statement may include information not required by the Insurance Holding Company Regulatory Act, Arkansas Code § 23-63-501 et seq., regarding any insurer in the insurance holding company system even if the insurer is not authorized to do business in this state.

(3) 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:

(A) The statement or report contains substantially similar information required to be furnished on Form B; and

(B)(i) The filing insurer is the principal insurance company in the insurance holding company system.

(ii) The question of whether the filing insurer is the principal insurance company in the insurance holding company system is a question of fact, and an insurer filing a registration statement or report in lieu of Form B on behalf of an affiliated insurer shall set forth a brief statement of facts which will substantiate the filing insurer's claim that it, in fact, is the principal insurer in the insurance holding company system.

(b) With the prior approval of the Insurance Commissioner, an unauthorized insurer may follow any of the procedures which could be done by an authorized insurer under subsection (a) of this section.

(c)(1) Any insurer may take advantage of the provisions of Arkansas Code § 23-63-514(f) or (g) without obtaining the prior approval of the commissioner.

(2) The commissioner, however, reserves the right to require individual filings if he or she deems such filings necessary in the interest of:

(A) Clarity;

(B) Ease of administration; or

(C) The public good.

23 CAR § 9-117. Disclaimers and termination of registration.

(a) A disclaimer of affiliation or a request for termination of registration claiming that a person does not, or will not upon the taking of some proposed action, control another person, hereinafter referred to as the "subject", shall contain the following information:

(1) The number of authorized, issued, and outstanding voting securities of the subject;

(2) With respect to the person whose control is denied and all affiliates of such person:

(A) The number and percentage of shares of the subject's voting securities which are held of record or known to be beneficially owned; and

(B) The number of shares concerning which there is a right to acquire, directly or indirectly;

(3) All material relationships and bases for affiliation between the subject and the person whose control is denied and all affiliates of such person; and

(4) A statement explaining why the person should not be considered to control the subject.

(b) A request for termination of registration shall be deemed to have been granted unless the Insurance Commissioner, within thirty (30) days after receipt of the request, notifies the registrant otherwise.

23 CAR § 9-118. Transactions subject to prior notice — Notice filing.

(a) An insurer required to give notice of a proposed transaction pursuant to Arkansas Code § 23-63-515(a)(2) shall furnish the required information on Form D, hereby made a part of this rule.

(b) Agreements for cost-sharing services and management services 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 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:

(A) The insurer will maintain oversight for functions provided to the insurer by the affiliate; and

(B) The insurer will monitor services annually for quality assurance;

(6) Define ~~books and~~ records and data of the insurer to include all ~~books and~~ records and data developed or maintained under or related to the agreement that are otherwise the property of the insurer, in whatever form maintained, including, but not limited to:

(A) Claims and claim files;

(B) Policyholder lists;

(C) Application files;

(D) Litigation files;

(E) Premium records;

(F) Rate books;

(G) Underwriting manuals;

(H) Personnel records;

(I) Financial records; or

(J) Similar records within the possession, custody, or control of the affiliate;

(7) Specify that all ~~books and~~ records and data of the insurer are and remain the property of the insurer, and are:

(A) ~~are subject~~ Subject to control of the insurer;

(B) Identifiable; and

(C) Segregated from all other persons' records and data, or are readily capable of segregation at no additional cost to the insurer;

(8) State that all funds and invested assets of the insurer are:

- (A) The exclusive property of the insurer;
- (B) Held for the benefit of the insurer; and
- (C) Subject to the control of the insurer;

(9) Include standards for termination of the agreement with and without cause;

(10) Include provisions for indemnification of the insurer in the event of gross negligence or willful misconduct on the part of the affiliate providing the services and for any actions by the affiliate that violate the provisions of the agreement in subdivisions (b)(11) – (15) of this section ;

(11) Specify that, if the insurer is placed in supervision, seizure, conservatorship, or receivership pursuant to receivership or seized by the Insurance Commissioner under Arkansas Code § 23-68-101 et seq.:

(A) All of the rights of the insurer under the agreement extend to the receiver or commissioner to the extent permitted by Arkansas Code § 23-68-101 et seq.; and

(B) All records and data of the insurer shall be identifiable and segregated from all other persons' records and data or readily capable of segregation at no additional cost to the receiver or the commissioner;

(B)(C) All books and a complete set of records and data of the insurer:

(i) Will immediately be made available to the receiver or the commissioner; and

(ii) Shall be made available in a usable format;

(iii) Shall be turned over to the receiver or the commissioner immediately upon the receiver or the commissioner's request; and

(iv) Shall be transferred to the receiver or commissioner at a cost that is fair and reasonable; and

(D) The affiliated person or persons will make available all employees essential to the operations of the insurer and the services associated therewith for the

immediate continued performance of the essential services ordered or directed by the receiver or the commissioner;

(12) Specify that the affiliate has no automatic right to terminate the agreement if the insurer is placed ~~in~~ into supervision, seizure, conservatorship, or receivership pursuant to Arkansas Code § 23-68-101 et seq.; ~~and~~

(13)(A) Specify that the affiliate will provide the essential services for a minimum period of time, as specified in the agreement, after termination of the agreement, if the insurer is placed into supervision, seizure, conservatorship, or receivership pursuant to Arkansas Code § 23-68-101 et seq., as ordered or directed by the receiver or commissioner.

(B) Performance of the essential services will continue to be provided without regard to pre-receivership unpaid fees, as long as the affiliate continues to receive timely payment for post-receivership services rendered, unless released by the receiver, commissioner, or supervising court;

~~(13)~~(14) Specify that the affiliate will:

(A) Continue to maintain any systems, programs, or other infrastructure notwithstanding supervision, seizure, conservatorship, or receivership pursuant to a seizure by the commissioner under Arkansas Code § 23-68-101 et seq.; and

(B) Make them available to the receiver or commissioner as ordered or directed by the receiver or commissioner, for so long as the affiliate continues to receive timely payment for services rendered, unless released by the receiver, commissioner, or supervising court; and-

(15) Specify that, in furtherance of the cooperation between the receiver and the affected guaranty association or associations and subject to the receiver's authority over the insurer, if the insurer is placed into supervision, seizure, conservatorship, or receivership pursuant to Arkansas Code § 23-68-101 et seq., and portions of the insurer's policies or contracts are eligible for coverage by one or more guaranty associations, the affiliate's commitments under subdivisions (b)(11) – (14) of this section will extend to such guaranty association or associations.

23 CAR § 9-119. Enterprise risk report.

The ultimate controlling person of an insurer required to file an enterprise risk report pursuant to Arkansas Code § 23-63-514(m) shall furnish the required information on Form F, hereby made a part of this rule.

23 CAR § 9-~~120~~120. Extraordinary dividends and other distributions.

(a) Requests for approval of extraordinary dividends or any other extraordinary distribution to shareholders shall include the following:

- (1) The amount of the proposed dividend;
- (2) The date established for payment of the dividend;
- (3) A statement as to whether the dividend is to be in cash or other property and, if in property:

- (A) A description thereof;
- (B) Its cost; and
- (C) Its fair market value together with an explanation of the basis for valuation;

(4)(A) A copy of the calculations determining that the proposed dividend is extraordinary.

(B) The work paper shall include the following information:

(i) The amounts, dates, and form of payment of all dividends or distributions, including regular dividends but excluding distributions of the insurer's own securities, paid within the period of twelve (12) consecutive months ending on the date fixed for payment of the proposed dividend for which approval is sought and commencing on the day after the same day of the same month in the last preceding year;

(ii) Surplus as regards policyholders, total capital and surplus, as of the thirty-first day of December next preceding;

(iii) If the insurer is a life insurer, the net gain from operations for the twelve-month period ending the thirty-first day of December next preceding; and

(iv) If the insurer is not a life insurer:

(a) The net income less realized capital gains for the twelve-month period ending the thirty-first day of December next preceding and the two (2) preceding twelve-month periods; and

(b) The dividends paid to stockholders excluding distributions of the insurer's own securities in the preceding two (2) calendar years;

(5) A balance sheet and statement of income for the period intervening from the last annual statement filed with the Insurance 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 and the reasonableness of surplus in relation to the insurer's outstanding liabilities and the adequacy of surplus relative to the insurer's financial needs.

(b) Subject to Arkansas Code § 23-63-515(c), (d), (e), and (f) as to extraordinary dividends, each registered insurer shall report to the commissioner all dividends and other distributions to shareholders within fifteen (15) business days following the declaration thereof, including the same information required by subdivision (a)(4) of this section.

23 CAR § 9-~~121~~ 121. Adequacy of surplus.

(a)(1) The factors set forth in Arkansas Code § 23-63-515(b) are not intended to be an exhaustive list.

(2) In determining the adequacy and reasonableness of an insurer's surplus, no single factor is necessarily controlling.

(b)(1) The Insurance Commissioner, instead, will consider the net effect of all of these factors plus other factors bearing on the financial condition of the insurer.

(2) In comparing the surplus maintained by other insurers, the commissioner will consider the extent to which each of these factors varies from company to company, and in determining the quality and liquidity of investments in subsidiaries, the

commissioner will consider the individual subsidiary and may discount or disallow its valuation to the extent that the individual investments so warrant.

23 CAR § 9-122. Group capital calculation.

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

(1) Has annual direct written and unaffiliated assumed premium (including international direct and assumed premium), but excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, of less than one billion dollars (\$1,000,000,000);

(2) Has no insurers within its holding company structure that are domiciled outside of the United States or one of its territories;

(3) Has no banking, depository, or other financial entity that is subject to an identified regulatory capital framework within its holding company structure;

(4) The holding company system attests that there are no material changes in the transactions between insurers and noninsurers in the group that have occurred since the last filing of the annual group capital; and

(5) The noninsurers within the holding company system do not pose a material financial risk to the insurers' ability to honor policyholder obligations.

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

(1) Has no insurers within its holding company structure that are domiciled outside of the United States or one of its territories;

(2) Does not include a banking, depository, or other financial entity that is subject to an identified regulatory capital framework; and

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

(c) For an insurance holding company system that has previously met an exemption with respect to the group capital calculation pursuant to subsections (a) or (b) of this section, the lead state commissioner may require at any time the ultimate controlling person to file an annual group capital calculation, completed in accordance with the National Association of Insurance Commissioners (NAIC) Group Capital Calculation Instructions, if any of the following criteria are met:

(1) Any insurer within the insurance holding company system is in a risk-based capital action level event as set forth in Arkansas Code § 23-63-1301 et seq., or similar standard for a non-United States insurer;

(2) Any insurer within the insurance holding company system meets one or more of the standards of an insurer deemed to be in hazardous financial condition as defined in 23 CAR pt. 19; or

(3) Any insurer within the insurance holding company system otherwise exhibits qualities of a troubled insurer as determined by the lead state commissioner based on unique circumstances including, but not limited to:

(A) The type and volume of business written;

(B) Ownership and organizational structure;

(C) Federal agency requests; and

(D) International supervisor requests.

(d) A non-United States jurisdiction is considered to "recognize and accept" the group capital calculation if it satisfies the following criteria:

(1) With respect to the calculation required by Arkansas Code § 23-63-514(n)(3)(A)(iv):

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

(B)(i) Where no United States insurance groups operate in the non-United States jurisdiction, that non-United States jurisdiction indicates formally in writing to the lead state with a copy to the International Association of Insurance Supervisors that the group capital calculation is an acceptable international capital standard.

(ii) This will serve as the documentation otherwise required in subdivision (d)(1)(A) of this section; and

(2)(A) The non-United States jurisdiction provides confirmation by a competent regulatory authority in such jurisdiction that information regarding insurers and their parent, subsidiary, or affiliated entities, if applicable, shall be provided to the lead state commissioner in accordance with a memorandum of understanding or similar document between the commissioner and such jurisdiction including but not limited to the International Association of Insurance Supervisors Multilateral Memorandum of Understanding or other multilateral memoranda of understanding coordinated by the NAIC.

(B) The commissioner shall determine, in consultation with the NAIC Committee Process, if the requirements of the information sharing agreement are in force.

(e) A list of non-United States jurisdictions that “recognize and accept” the group capital calculation will be published through the NAIC Committee Process:

(1)(A) A list of jurisdictions that “recognize and accept” the group capital calculation pursuant to Arkansas Code § 23-63-514(n)(3)(A)(iv), is published through the NAIC Committee Process to assist the lead state commissioner in determining which insurers shall file an annual group capital calculation.

(B) The list will clarify those situations in which a jurisdiction is exempted from filing under Arkansas Code § 23-63-514(n)(3)(A)(iv).

(C) To assist with a determination under Arkansas Code § 23-63-514(n)(3)(B), the list will also identify whether a jurisdiction that is exempted under either Arkansas Code § 23-63-514(n)(3)(A)(iii) or (iv) requires a group capital filing for any United States insurance group’s operations in that non-United States jurisdiction;

(2) For a non-United States jurisdiction where no United States insurance groups operate, the confirmation provided to meet the requirement of subdivision (d)(1)(B) of this section will serve as support for recommendation to be published as a jurisdiction that “recognizes and accepts” the group capital calculation through the NAIC Committee Process.

(3) If the lead state commissioner makes a determination pursuant to Arkansas Code § 23-63-514(n)(3)(A)(iv) that differs from the NAIC list, the lead state commissioner shall provide thoroughly documented justification to the NAIC and other states;

(4) Upon determination by the lead state commissioner that a non-United States jurisdiction no longer meets one (1) or more of the requirements to “recognize and accept” the group capital calculation, the lead state commissioner may provide a recommendation to the NAIC that the non-United States jurisdiction be removed from the list of jurisdictions that “recognize and accept” the group capital calculation.

Appendix A. Statement Regarding the Acquisition of Control of or Merger With a Domestic Insurer

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Link:

<https://CodeOfARRules.arkansas.gov/docs/CARCodeAppendices/Appendices/141/23CARpt.9FormA.pdf>

Appendix B. Insurance Holding Company System Registration Statement

Link:

<https://CodeOfARRules.arkansas.gov/docs/CARCodeAppendices/Appendices/142/23CARpt.9FormB.pdf>

Appendix C. Summary of Registration Statement

Link:

<https://CodeOfARRules.arkansas.gov/docs/CARCodeAppendices/Appendices/143/23CARpt.9FormC.pdf>

Appendix D. Prior Notice of a Transaction

Link:

<https://CodeOfARRules.arkansas.gov/docs/CARCodeAppendices/Appendices/144/23CARpt.9FormD.pdf>

Appendix E. Pre-Acquisition Notification 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

Link:

<https://CodeOfARRules.arkansas.gov/docs/CARCodeAppendices/Appendices/145/23CARpt.9FormE.pdf>

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Appendix F. Enterprise Risk Report

Link:

<https://CodeOfARRules.arkansas.gov/docs/CARCodeAppendices/Appendices/146/23CARpt.9FormF.pdf>

State of Arkansas
95th General Assembly
Regular Session, 2025

A Bill

SENATE BILL 236

By: Senator J. Boyd
By: Representative Steimel

For An Act To Be Entitled

AN ACT TO AMEND THE INSURANCE HOLDING COMPANY
REGULATORY ACT; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE INSURANCE HOLDING COMPANY
REGULATORY ACT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 23-63-503, concerning the definitions used
under the Insurance Holding Company Regulatory Act, is amended to add
additional subdivisions to read as follows:

(12) "Group capital calculation instructions" means the
instructions issued by the National Association of Insurance Commissioners
and adopted by rule by the commissioner;

(13)(A) "NAIC liquidity stress test framework" means the
publication of the National Association of Insurance Commissioners that
includes a history of the National Association of Insurance Commissioners'
development of regulatory liquidity stress testing, the scope criteria
applicable for a specific data year, and the liquidity stress test
instructions and reporting templates for a specific data year.

(B) "NAIC liquidity stress test framework" includes scope
criteria, instructions, and reporting templates; and

(14) "Scope criteria" means the designated exposure bases, and
the minimum magnitudes of the designated exposure bases for a specified data
year, used to establish a preliminary list of insurers considered scoped in
the NAIC liquidity stress test framework for that data year.



SECTION 2. Arkansas Code § 23-63-505 is amended to read as follows:

23-63-505. Subsidiaries of insurer.

(a)(1) ~~Authorization.~~ ~~Any A~~ domestic insurer, subject to this subchapter, either by itself or in cooperation with one (1) or more persons, may organize or acquire one (1) or more subsidiaries.

(2)(A) The subsidiaries under subdivision (a)(1) of this section may conduct any kind of business authorized by state law.

(B) Being a subsidiary of a domestic insurer does not limit the authority of the subsidiary to conduct business.

(b) In addition to investments in common stock, preferred stock, debt obligations, and other securities permitted under this subchapter, a domestic insurer may:

(1)(A) Invest in common stock, preferred stock, debt obligations, and other securities of one (1) or more subsidiaries in amounts that do not exceed the lesser of ten percent (10%) of the domestic insurer's assets or fifty percent (50%) of the insurer's surplus in relation to policyholders if after the investments, the domestic insurer's surplus is:

(i) Reasonable in relation to the domestic insurer's outstanding liabilities; and

(ii) Adequate to meet the domestic insurer's financial needs.

(B) In calculating the amounts of investments under subdivision (b)(1)(A) of this section, the investments shall include:

(i) The total net moneys or other consideration expended and obligations assumed in the acquisition or formation of a subsidiary, including all organizational expenses and contributions to capital and surplus of the subsidiary, whether or not represented by the purchase of capital stock or issuance of other securities; and

(ii) All amounts expended in acquiring additional common stock, preferred stock, debt obligations, and other securities and all contributions to the capital or surplus of a subsidiary after the acquisition or formation of a subsidiary.

(C) In calculating the amount of investments under subdivision (b)(1)(A) of this section, the investments in the domestic insurer's or foreign insurance company's subsidiaries and health maintenance

1 organizations are excluded;

2 (2)(A) Invest any amount in common stock, preferred stock, debt
 3 obligations, and other securities of one (1) or more subsidiaries engaged or
 4 organized to engage exclusively in the ownership and management of assets
 5 authorized as investments for the domestic insurer if each subsidiary agrees
 6 to limit its investments in any asset so that the investments will not cause
 7 the amount of the total investment of the domestic insurer to exceed any of
 8 the investment limitations specified in subdivision (b)(1)(A) of this section
 9 or in § 23-63-801 et seq., if applicable to the insurer.

10 (B) As used in subdivision (b)(2)(A) of this section, "the
 11 total investment of the domestic insurer" includes:

12 (i) Any direct investment by the domestic insurer in
 13 an asset; and

14 (ii) The domestic insurer's proportionate share of
 15 any investment in an asset by a subsidiary of the domestic insurer, and which
 16 shall be calculated by multiplying the amount of the subsidiary's investment
 17 by the percentage of the ownership of the subsidiary; and

18 (3) With the approval of the Insurance Commissioner, invest any
 19 greater amount in common stock, preferred stock, debt obligations, or other
 20 securities of one (1) or more subsidiaries, if after the investments, the
 21 domestic insurer's surplus is:

22 (A) Reasonable in relation to the domestic insurer's
 23 outstanding liabilities; and

24 (B) Adequate to meet the domestic insurer's financial
 25 needs.

26 ~~(c) Qualification of Investment — When Determined.~~ Whether any
 27 investment ~~pursuant to~~ under subsection (a) of this section meets the
 28 applicable requirements ~~thereof~~ of subsection (a) of this section is to be
 29 determined immediately after the investment is made, taking into account the
 30 then-outstanding principal balance on all previous investments in debt
 31 obligations and the value of all previous investments in equity securities as
 32 of the date they were made.

33 ~~(c)(d) Cessation of Control.~~ If an insurer ceases to control a
 34 subsidiary, it shall dispose of any investment ~~therein~~ in the subsidiary made
 35 ~~pursuant to~~ under this section within three (3) years from the time of the
 36 cessation of control or within such further time as the ~~Insurance~~

~~Commissioner~~ commissioner may prescribe unless, at any time after the investment ~~shall have~~ has been made, the investment shall have met the requirements for investment under any other section of this subchapter and the insurer has notified the commissioner ~~thereof~~ that those requirements for investments have been met.

SECTION 3. Arkansas Code § 23-63-510 is amended to read as follows:

23-63-510. Control of or merger with domestic insurer – Approval by commissioner – Hearing.

(a) The Insurance Commissioner shall approve any merger or other acquisition of control referred to in § 23-63-506 unless, after a public hearing ~~thereon~~ on the merger or other acquisition of control, he or she finds that:

(1) After change of control, the domestic insurer referred to in § 23-63-506 would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;

(2)(A) The effect of the merger or other acquisition of control would be substantially to lessen competition in insurance in this state or tend to create a monopoly ~~therein~~ in this state.

(B) In applying the competitive standard under subdivision (a)(2)(A) of this section:

(i) The information required under §§ 23-63-527(b) and 23-63-528(b) shall not apply;

(ii) The merger or other acquisition of control shall not be disapproved if the commissioner finds that any of the situations meeting the criteria under § 23-63-528(c) exist; and

(iii) The commissioner may condition the approval of the merger or other acquisition of control on the removal of the basis of disapproval within a specified period of time;

(3) The financial condition of any acquiring party is such as might jeopardize the financial stability of the insurer or prejudice the interest of its policyholders or the interests of any remaining security holders who are unaffiliated with the acquiring party;

(4) The terms of the offer, request, invitation, agreement, or acquisition referred to in § 23-63-506 are unfair and unreasonable to the

1 security holders of the insurer;

2 (5) The plans or proposals which the acquiring party has to
3 liquidate the insurer, sell its assets, or consolidate or merge it with any
4 person, or to make any other material change in its business or corporate
5 structure or management are unfair and unreasonable to policyholders of the
6 insurer and not in the public interest; or

7 (6) The competence, experience, and integrity of those persons
8 who would control the operation of the insurer are such that it would not be
9 in the interest of policyholders of the insurer and of the public to permit
10 the merger or other acquisition of control.

11 (b)(1) The public hearing referred to in subsection (a) of this
12 section shall be held within thirty (30) days after the statement required by
13 § 23-63-506 is filed, and at least twenty (20) days' notice of the hearing
14 shall be given by the commissioner to the person filing the statement.

15 (2) Not less than seven (7) days' notice of the public hearing
16 shall be given by the person filing the statement to the insurer and to the
17 other persons as may be designated by the commissioner.

18 (3)(A) The commissioner shall make a determination within the
19 sixty-day period preceding the effective date of the proposed transaction.

20 (B) In connection with the change in control of the
21 insurer, any determination by the commissioner that the person acquiring
22 control of a domestic insurer shall be required to maintain or restore the
23 capital of the insurer to the level required by the laws and rules of this
24 state shall be made not later than sixty (60) calendar days after the date of
25 notification of the change in control submitted pursuant to § 23-63-506(b).

26 (4) At the hearing, the person filing the statement, the
27 insurer, any person to whom notice of hearing was sent, and any other person
28 whose interests may be affected thereby shall have the right to present
29 evidence, examine, and cross-examine witnesses, and offer oral and written
30 arguments and, in connection therewith, shall be entitled to conduct
31 discovery proceedings in the same manner as is presently allowed in the
32 courts of this state.

33 (5) All discovery proceedings shall be concluded not later than
34 three (3) days ~~prior to~~ before the commencement of the public hearing.

35 (6)(A) If a proposed acquisition of control requires the
36 approval of more than one (1) state insurance commissioner, the public

1 hearing referred to in subsection (a) of this section may be held on a
 2 consolidated basis upon request of the person filing the statement under §
 3 23-63-506(a)(2)(A).

4 (B) The party requesting a consolidated hearing under
 5 subdivision (b)(6)(A) of this section shall file the statement with the
 6 National Association of Insurance Commissioners within five (5) days of the
 7 request.

8 (C) A state insurance commissioner may opt out of a
 9 consolidated hearing and shall provide notice to the applicant of the opt-out
 10 within ten (10) days of receipt of the statement.

11 (D) A hearing conducted on a consolidated basis shall be:
 12 (i) Public; and
 13 (ii) Held within the United States before the
 14 commissioners of the states in which the insurers are domiciled.

15 (E) The state insurance commissioners shall hear
 16 testimony, examine witnesses, and receive evidence.

17 (F) A state insurance commissioner may attend a
 18 consolidated hearing in person or by telecommunication.

19
 20 SECTION 4. Arkansas Code § 23-63-514(c), concerning materiality under
 21 the Insurance Holding Company Regulatory Act, is amended to read as follows:

22 (c) Materiality.

23 (1)(A) No information need be disclosed on the registration
 24 statement filed pursuant to subsection (b) of this section if the information
 25 is not material for the purposes of this section.

26 (B) Unless the commissioner by rule or order provides
 27 otherwise, sales, purchases, exchanges, loans, or extensions of credit, or
 28 investments, involving one-half of one percent (0.5%) or less of an insurer's
 29 admitted assets as of the December 31 next-preceding shall not be deemed
 30 material for purposes of this section.

31 (C) For purposes of this section, materiality under this
 32 subsection shall not apply for purposes of the group capital calculation
 33 instructions or the NAIC liquidity stress test framework.

34 (2)(A) However, each registered insurer shall disclose in
 35 writing to the commissioner within five (5) business days following the
 36 declaration of a dividend and no less than ten (10) business days prior to

1 the payment of the dividend, all ordinary dividends payable to shareholders.

2 (B) The disclosure shall also be included in the reporting
3 insurer's next annual and restated insurance registration statement and upon
4 any statutory filing required under § 23-63-514 or § 23-63-515.

5
6 SECTION 5. Arkansas Code § 23-63-514(k) is repealed.

7 ~~(k) Violations. The failure to file a registration statement or any~~
8 ~~amendment thereto required by this section within the time specified for the~~
9 ~~filing shall be a violation of this section.~~

10
11 SECTION 6. Arkansas Code § 23-63-514, concerning the registration of
12 insurers, is amended to add additional subsections to read as follows:

13 (n) Group Capital Calculation.

14 (1) Except as provided below, the ultimate controlling person of
15 every insurer subject to this section shall concurrently file with the
16 insurer's registration an annual group capital calculation report as directed
17 by the lead state commissioner.

18 (2) The annual group capital calculation report under
19 subdivision (n)(1) of this section shall be:

20 (A) Completed according to the group capital calculation
21 instructions; and

22 (B) Filed with the lead state commissioner of the
23 insurance holding company system as determined by the Insurance Commissioner
24 according to the Financial Analysis Handbook procedures adopted by the
25 National Association of Insurance Commissioners, as adopted by rule of the
26 Insurance Commissioner.

27 (3)(A) The following insurance holding company systems are
28 exempt from filing an annual group capital calculation report under
29 subdivision (n)(1) of this section:

30 (i) An insurance holding company system that:
31 (a) Has only one (1) insurer within its
32 holding company structure;

33 (b) Is licensed and writes business only in
34 its domestic state; and

35 (c) Assumes no business from another insurer;
36 (ii)(a) An insurance holding company that is

1 required to perform a group capital calculation specified by the Board of
2 Governors of the Federal Reserve System.

3 (b) The lead state commissioner shall request
4 the group capital calculation from the Board of Governors of the Federal
5 Reserve System under an information sharing agreement, if applicable.

6 (c) If the Board of Governors of the Federal
7 Reserve System cannot share the group capital calculation with the lead state
8 commissioner, the insurance holding company system is not exempt from the
9 group capital calculation filing;

10 (iii) An insurance holding company system whose non-
11 United States group-wide supervisor is located within a reciprocal
12 jurisdiction as described in § 23-62-305 that recognizes the United States
13 state regulatory approach to group supervision and group capital; and

14 (iv) An insurance holding company:
15 (a) That provides information to the lead
16 state that meets the requirements for accreditation under the NAIC Financial
17 Regulation Standards and Accreditation Program, either directly or
18 indirectly, through the group-wide supervisor, who has determined the
19 information is satisfactory to allow the lead state to comply with the
20 National Association of Insurance Commissioners group supervision approach,
21 as detailed in the NAIC Financial Analysis Handbook; and

22 (b) Whose non-United States group-wide
23 supervisor that is not in a reciprocal jurisdiction recognizes and accepts,
24 as specified by the Insurance Commissioner by rule, the group capital
25 calculation as the world-wide group capital assessment for United States
26 insurance groups who operate in that jurisdiction.

27 (B) Notwithstanding subdivisions (n)(3)(A)(iii) and (iv)
28 of this section, a lead state commissioner shall require the group capital
29 calculation instructions for United States operations of any non-United
30 States based insurance holding company system when it is deemed appropriate
31 by the lead state commissioner for prudential oversight and solvency
32 monitoring purposes or for ensuring the competitiveness of the insurance
33 marketplace.

34 (4) Notwithstanding the exemptions from filing the group capital
35 calculations stated in subdivisions (n)(3)(A)(i) and (iv) of this section,
36 the lead state commissioner has the discretion to exempt the ultimate

1 controlling person from filing the annual group calculation or to accept a
2 limited group capital filing or report in accordance with criteria as
3 specified by the Insurance Commissioner by rule.

4 (5) If the lead state commissioner determines that an insurance
5 holding company system no longer meets one (1) or more of the requirements
6 for an exemption from filing the group capital calculation under subdivision
7 (n)(3) of this section, the insurance holding company system shall file the
8 group capital calculation at the next annual filing date unless given an
9 extension by the lead state commissioner.

10 (o)(1) Liquidity Stress Test. The ultimate controlling person of
11 every insurer subject to registration and scoped into the NAIC liquidity
12 stress test framework shall file the results of a specific year's NAIC
13 liquidity stress test framework.

14 (2) The filing under subdivision (o)(1) of this section shall be
15 made to the lead state insurance commissioner of the insurance holding
16 company system, as determined by the procedures within the Financial Analysis
17 Handbook adopted by the National Association of Insurance Commissioners and
18 adopted by rule by the Insurance Commissioner.

19 (3)(A) The NAIC liquidity stress test framework includes scope
20 criteria that is applicable to a specific date year.

21 (B) The scope criteria is reviewed at least annually by
22 the NAIC Financial Stability E Task Force or its successor.

23 (C) Any change to the NAIC liquidity stress test framework
24 or to the data year for which the scope criteria are to be measured shall be
25 effective on January 1 of the year following the calendar year when the
26 changes are adopted.

27 (D) An insurer that meets at least one (1) threshold of
28 the scope criteria is considered scoped into the NAIC liquidity stress test
29 framework for the specified date year unless the lead state insurance
30 commissioner, in consultation with the NAIC Financial Stability E Task Force
31 or its successor, determines that the insurer should not be scoped into the
32 NAIC liquidity stress test framework for that data year.

33 (E) An insurer that does not trigger at least one (1)
34 threshold of the scope criteria is considered scoped out of the NAIC
35 liquidity stress test framework for the specified data year, unless the lead
36 state insurance commissioner, in consultation with the NAIC Financial

1 Stability E Task Force or its successor, determines the insurer should be
2 scoped into the NAIC liquidity stress test framework for that data year.

3 (4) The performance of, and filing of the results from, a
4 specific year's NAIC liquidity stress test framework shall comply with:

5 (A) The NAIC liquidity stress test framework's
6 instructions and reporting templates for that year; and

7 (B) Any lead state insurance commissioner determinations,
8 in consultation with the NAIC Financial Stability E Task Force or its
9 successor, provided within the NAIC liquidity stress test framework.

10 (p) Violations. The failure to file a registration statement, summary
11 of the registration statement, or enterprise risk filing required by this
12 section within the time specified is a violation of this section.

13
14 SECTION 7. Arkansas Code § 23-63-515(a), concerning material
15 transactions by an insurer under the Insurance Holding Company Act, is
16 amended to read as follows:

17 (a)(1) Material transactions by insurers registered with the Insurance
18 Commissioner under § 23-63-514 with their affiliates shall be subject to the
19 following standards:

20 (A) The terms shall be fair and reasonable;

21 (B) The books, accounts, and records of every party shall
22 be so maintained as to clearly and accurately disclose the precise nature and
23 details of the transactions, including such accounting information as is
24 necessary to support the reasonableness of the charges or fees to the
25 respective parties;

26 (C) The insurer's surplus as regards policyholders
27 following any dividends or distributions to shareholder affiliates shall be
28 reasonable in relation to the insurer's outstanding liabilities and adequate
29 to its financial needs;

30 (D) The charges or fees for services performed shall be
31 reasonable;

32 (E) The expenses incurred and payment received shall be
33 allocated to the insurer in conformity with customary insurance accounting
34 practices consistently applied; and

35 (F) The commissioner by rule may establish additional
36 requirements for a cost-sharing service agreement or a management agreement.

1 (G)(i) If an insurer subject to this subchapter is deemed
2 by the commissioner to be in a hazardous financial condition as defined by
3 rule or a condition that would be grounds for supervision, conservation, or a
4 delinquency proceeding, the commissioner may require the insurer to secure
5 and maintain either a deposit, held by the commissioner, or a bond, as
6 determined by the insurer, for the duration of the transaction or until the
7 condition no longer exists.

8 (ii) In determining whether or not a deposit or bond
9 is required, the commissioner may consider if concerns exist with respect to
10 the affiliate's ability to fulfill the contract or agreement if the insurer
11 were to be put into liquidation.

12 (iii) Once the insurer is deemed to be in a
13 hazardous financial condition or a condition that would be grounds for
14 supervision, conservation, or a delinquency proceeding, and a deposit or bond
15 is necessary, the commissioner has discretion to determine the amount of the
16 deposit or bond, not to exceed the value of the transaction in any one (1)
17 year, and whether the deposit or bond should be required for each transaction
18 or only for transactions with specified persons.

19 (iv)(a) All records and data of an insurer held by
20 the insurer's affiliate shall remain the property of the insurer and be
21 subject to the insurer's control.

22 (b) Insurer records shall be identifiable and
23 segregated or readily capable of segregation from all other records and data
24 at no cost to the insurer.

25 (v)(a)(1) Premiums or other funds belonging to an
26 insurer that are collected by or held by the insurer's affiliate are the
27 exclusive property of the insurer and are subject to the control of the
28 insurer.

29 (2) Any right of offset in the event an
30 insurer is placed into receivership shall be subject to § 23-68-101 et seq.

31 (b) At the request of an insurer, the
32 insurer's affiliate shall provide that the receiver can obtain a complete set
33 of all records of any type that pertain to the insurer's business, obtain
34 access to the servers on which the data is maintained, obtain the software
35 that runs those systems either through assumption of licensing agreements or
36 otherwise, and restrict the use of the data by the affiliate if it is not

1 operating the insurer's business.

2 (c) The affiliate shall provide a waiver of
3 any landlord lien or other encumbrance to give the insurer access to all
4 records and data in the event of the affiliate's default under a lease or
5 other agreement.

6 (2)(A) A domestic insurer subject to this subchapter and a
7 person in its holding company system may not enter into a transaction, as
8 described in subdivision (a)(2)(B) of this section, unless the insurer
9 notifies the commissioner in writing of its intention at least thirty (30)
10 days before, or less, as the commissioner may permit, and the commissioner
11 does not disapprove of the transaction within such a period.

12 (B) A transaction that requires prior notice to the
13 commissioner by a domestic insurer includes:

14 (i) Sales, purchases, exchanges, loans or extensions
15 of credit, guarantees, or investments, provided the transactions are equal to
16 or exceed as of December 31 next-preceding:

17 (a) With respect to nonlife insurers, the
18 lesser of three percent (3%) of the insurer's admitted assets or twenty-five
19 percent (25%) of surplus as regards policyholders; and

20 (b) With respect to life insurers, three
21 percent (3%) of the insurer's admitted assets;

22 (ii) Loans or extensions of credit to any person who
23 is not an affiliate when the insurer makes the loans or extensions of credit
24 with the agreement or understanding that the proceeds of the transactions, in
25 whole or in substantial part, are to be used to make loans or extensions of
26 credit to, to purchase assets of, or to make investments in any affiliate of
27 the insurer making the loans or extensions of credit, provided that the
28 transactions are equal to or exceed as of December 31 next-preceding:

29 (a) With respect to nonlife insurers, the
30 lesser of three percent (3%) of the insurer's admitted assets or twenty-five
31 percent (25%) of surplus as regards policyholders; and

32 (b) With respect to life insurers, three
33 percent (3%) of the insurer's admitted assets;

34 (iii) Reinsurance agreements or modifications
35 thereto, including:

36 (a) All reinsurance pooling agreements; and

1 (b) Agreements in which the reinsurance
2 premium, a change in the insurer's liabilities, any projected reinsurance
3 premium, or a change in the insurer's liabilities in any of the next three
4 (3) years equals or exceeds five percent (5%) of the insurer's surplus as
5 regards policyholders, as of December 31 next-preceding, including those
6 agreements that may require as consideration the transfer of assets from an
7 insurer to a nonaffiliate, if an agreement or understanding exists between
8 the insurer and nonaffiliate that any portion of the assets will be
9 transferred to one (1) or more affiliates of the insurer;

10 (iv) All management agreements, service contracts,
11 tax allocation agreements, and all cost-sharing arrangements;

12 (v) Any material transactions specified by
13 regulation that the commissioner determines may adversely affect the
14 interests of the insurer's policyholders; and

15 (vi)(a) Any amendment or modification of an
16 affiliate agreement that is subject to the materiality standards under
17 subdivision (a)(1) of this section, including the reason for the amendment or
18 modification and the financial impact on the domestic insurer.

19 (b) A domestic insurer shall notify the
20 commissioner within thirty (30) days after a termination of a previously
21 filed agreement in a format that is acceptable to the commissioner, to
22 determine if further reporting or filing is required.

23 (3) A domestic insurer subject to this subchapter may not enter
24 into transactions which are part of a plan or series of like transactions
25 with persons within the holding company system if the purpose of those
26 separate transactions is to avoid the threshold amount and thus avoid the
27 review that would otherwise occur. If the commissioner determines that those
28 separate transactions were entered into over any twelve-month period for such
29 a purpose, the commissioner may exercise his or her authority under § 23-63-
30 522.

31 (4) In reviewing transactions pursuant to subdivision (a)(2) of
32 this section, the commissioner shall consider whether the transactions comply
33 with the standards set forth in subdivision (a)(1) of this section and
34 whether they may adversely affect the interests of policyholders.

35 (5) The commissioner shall be notified within thirty (30) days
36 of any investment of a domestic insurer subject to this subchapter in any one

(1) corporation if the total investment in such a corporation by the insurance holding company system exceeds ten percent (10%) of the corporation's voting securities.

(6)(A) An affiliate that is a party to a contract with a domestic insurer subject to subdivision (a)(2)(B)(iv) of this section is subject to:

(i) The jurisdiction of any supervision, seizure, conservatorship, or receivership proceedings against the insurer; and

(ii) The authority of any supervisor, conservator, rehabilitator, or liquidator for the insurer appointed under § 23-68-101 et seq., for the purpose of interpreting, enforcing, and overseeing the affiliate's obligations.

(B) The affiliates' obligations under subdivision (a)(6)(A)(ii) of this section include those that:

(i) Are an integral part of the insurer's operations, including without limitation management, administration, accounting, data processing, marketing, underwriting, claims handling, investment, or any other similar functions; or

(ii) Are essential to the insurer's ability to fulfill its obligations under insurance policies.

(C) The commissioner may require that a contract under subdivision (a)(2)(B)(iv) of this section for the provisions of services described in subdivisions (a)(6)(A)(i) and (ii) of this section specify that the affiliate consents to the jurisdiction stated in subdivision (a)(6)(A) of this section.

SECTION 8. Arkansas Code § 23-63-517(a), concerning confidentiality under the Insurance Holding Company Act, is amended to read as follows:

(a)(1) All information and documents obtained by or disclosed to the Insurance Commissioner or any other person in the course of an examination or investigation made under § 23-63-516 and all information reported under §§ 23-63-514 and 23-63-515 shall be given confidential treatment and shall not be subject to subpoena or discovery or admissible in evidence in any private civil action or be made public by the commissioner under the Freedom of Information Act of 1967, § 25-19-101 et seq., or any other public records law, or by the National Association of Insurance Commissioners. However, the

1 commissioner is authorized to use the documents, materials, or other
2 information in the furtherance of any regulatory or legal action brought as
3 part of the commissioner's duties.

4 (2)(A)(i) Information provided to the State Insurance Department
5 under § 23-63-514(n) shall be confidential with respect to the group capital
6 calculation, the group capital ratio produced within the calculation, and any
7 group capital information received from an insurance holding company
8 supervised by the Board of Governors of the Federal Reserve System or any
9 United States group-wide supervisor.

10 (ii) The commissioner may use the documents,
11 materials, or other information in the furtherance of any regulatory or legal
12 action brought as part of the commissioner's duties.

13 (B)(i) Information provided to the department under § 23-
14 63-514(o) shall be confidential with respect to the results of the NAIC
15 liquidity stress test framework, supporting disclosures, and any liquidity
16 stress test information received from an insurance holding company supervised
17 by the Board of Governors of the Federal Reserve System and non-United States
18 group-wide supervisors.

19 (ii) The commissioner may use the documents,
20 materials, or other information in the furtherance of any regulatory or legal
21 action brought as part of the commissioner's duties.

22 (3) The information, documents, and copies of the information
23 shall not be subject to subpoena or be made public without the prior written
24 consent of the insurer to which it pertains unless the commissioner, after
25 giving the insurer and any of the insurer's affiliates that may be affected
26 notice and an opportunity to be heard, determines that the interests of
27 policyholders, shareholders, or the public will be served by the publication
28 of the information.

29 ~~(3)~~(4) In that event, the commissioner may publish any part of
30 the information in the manner the commissioner considers appropriate.

31
32
33 **APPROVED: 3/12/25**
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