

# FORM D

## PRIOR NOTICE OF A TRANSACTION

Filed with the Insurance Department of the Commonwealth of Pennsylvania by (Name of Registrant) on behalf of the following insurance companies:

Name

Address

NAIC Code Number

State of Domicile:

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

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

### *Item 1. Identity of Parties to Transaction*

Furnish the following information for each of the parties to the transaction:

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

### *Item 2. Description of the Transaction*

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

- A. A statement as to whether notice is being given under Section 1405(a)(2)(i), (ii), (iii), or (iv) of the act.
- B. A description of the nature and purpose of the transaction, including the anticipated immediate and long-term effect of the transaction on the financial condition of the insurer.
- C. **A statement of how the transaction meets the fair and reasonable standard of section 1405(a)(1)(i) of the Act (40 P. S. § 991.1405(a)(1)(i)).**
- D. The proposed effective date of the transaction.
- E. **A copy of the management agreement, service contracts, tax allocation agreement, guarantee or cost-sharing arrangement.**

***Item 3. Sales, Purchases, Exchanges, Loans, Extensions of Credit, Guarantees, Investments, Pledges of Assets or Contributions to Surplus equal to or exceeding 3% of the insurer's admitted assets or 25% of surplus as regards policyholders reported pursuant to 40 P. S. § 991.1405(a)(2)(i).***

Furnish a brief description of the amount and source of funds, securities, property or other consideration for the sale, purchase, exchange, loan, extension of credit, guarantee, investment, or pledge of assets, including assets to be received by the domestic insurer as a contribution to its surplus; whether any provision exists for purchase by the insurer filing notice, by any party to the transaction, or by any affiliate of the insurer filing notice; a description of the terms of any securities being received, if any; and a description of any other agreements relating to the transaction such as contracts or agreements for services, consulting agreements and the like. If the transaction involves other than cash, furnish a description of the consideration, its cost and its fair market value, together with an explanation and supporting documentation of the basis for valuation.

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

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

No notice need be given **under this item** if the maximum amount which can at any time be outstanding or for which the insurer can be legally obligated under the loan, extension of credit or guarantee is less than ~~[5%]~~ **3%** of the insurer's admitted assets or 25% of its surplus as of the 31st day of December next preceding. **Please see item 6 for the reporting of matters below these thresholds.**

No notice need be given if the maximum amount which can at any time be outstanding or for which the insurer can be legally obligated under the loan, extension of credit or guarantee is less than 5% of the insurer's admitted assets or 25% of its surplus as of the 31st day of December next preceding.

***Item 4. Loans or Extensions of Credit to a Non-Affiliate***

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

No notice need be given if the loan or extension of credit is one which equals less than ~~[5%]~~ **3%** of the insurer's admitted assets or 25% of its surplus as of the 31st day of December next preceding.

***Item 5. Reinsurance***

If the transaction is a reinsurance agreement or modification thereto, as described by Section 1405(a)(2)(iii) of the act **or a reinsurance pooling agreement or modification thereto as described by Section 1405(a)(2)(iii)(C) of the act**, furnish a description of the known and/or estimated amount of liability to be

ceded and/or assumed in each calendar year, the period of time during which the agreement will be in effect, and a statement whether an agreement or understanding exists between the insurer and non-affiliate to the effect that any portion of the assets constituting the consideration for the agreement will be transferred to one or more of the insurer's affiliates. Furnish a brief description of the consideration involved in the transaction, and a brief statement as to the effect of the transaction upon the insurer's surplus.

**Notice shall be given for all reinsurance pooling agreements including modifications thereto.**

No notice need be given for reinsurance agreements or modifications thereto if the reinsurance premium [is less than 5% of the insurer's surplus as of the 31st day of December next preceding; or the change in the insurer's liabilities or any transfer of assets required to fund the transaction equals or exceeds 25% of the insurer's surplus as of the 31st day of December next preceding, including those agreements which may require as consideration the transfer of assets from an insurer to a nonaffiliate, if an agreement or understanding exists between the insurer and nonaffiliate that any portion of the assets will be transferred to one or more affiliates of the insurer] or the projected reinsurance premium or change in the insurer's liabilities in any of the next three years, in connection with the reinsurance agreement or modification thereto is less than 5% of the insurer's surplus as regards policyholders, as of the 31st day of December next preceding.

*Item 6. Management Agreements, Service Contracts, Tax Allocation Agreements, Guarantees and Cost-Sharing Arrangements reported pursuant to 40 P. S. § 991.1405(a)(2)(v).*

**A. For management agreements and service contracts, furnish:**

- (1) A brief description of the managerial responsibilities, or services to be performed.**
- (2) A brief description of the agreement, including a statement of its duration, together with brief descriptions of the basis for compensation and the terms under which payment or compensation is to be made.**

**B. For cost-sharing arrangements, furnish:**

- (1) A brief description of the purpose of the agreement.**
- (2) A description of the period of time during which the agreement is to be in effect.**
- (3) A brief description of each party's expenses or costs covered by the agreement.**
- (4) A brief description of the accounting basis to be used in calculating each party's costs under the agreement.**
- (5) A brief statement as to the effect of the transaction upon the insurer's policyholder surplus.**
- (6) A statement regarding the cost allocation methods that specifies whether proposed charges are based on "cost or market." If market based, rationale for using market instead of cost, including justification for the company's determination that amounts are fair and reasonable.**
- (7) A statement regarding compliance with the NAIC Accounting Practices and Procedure Manual regarding expense allocation.**

**C. For tax allocation agreements and guarantees, furnish:**

- (1) A brief description of the purpose of the agreement.**
- (2) A description of the period of time during which the agreement is to be in effect.**

(3) A brief statement as to the effect of the transaction upon the insurer's policyholder surplus.

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

*Item 7. Signature and Certification*

**SIGNATURE**

Pursuant to the requirements of Section 1405 of the act, \_\_\_\_\_ has caused this notice to be duly signed on its behalf in the City of \_\_\_\_\_ and state of \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

(SEAL)

Name of Applicant

BY: (Name) (Title)

Attest:

(Signature of Officer)

(Title)

**CERTIFICATION**

The undersigned deposes and says that (s)he has duly executed the attached notice dated \_\_\_\_\_, \_\_\_\_\_, for and on behalf of \_\_\_\_\_ (Name of Applicant); that (s)he is the \_\_\_\_\_ (Title of Officer) of such company and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.

(Signature)

(Type or print above name)