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SECRETARY OF STATE

Proposed

**State of Kansas
Insurance Department
Notice of Public Hearing on Proposed Administrative Regulations
January 12, 2021**

A public hearing will be conducted on Tuesday, January 12, 2021 at 10:00 a.m. at the Kansas Insurance Department, 1300 SW Arrowhead Road, Topeka, Kansas, to consider the adoption of proposed rules and regulations of the Insurance Department on a permanent basis. Anyone desiring to participate via teleconference or virtual format should visit the Insurance Department's website <https://insurance.kansas.gov/legal-issues/> for information on registering.

This 60-day notice of the public hearing shall constitute a public comment period for the purpose of receiving written public comments on the proposed rules and regulations. All interested parties may submit written comments prior to the hearing to the Kansas Insurance Department, 1300 SW Arrowhead Road, Topeka, Kansas 66604 or by email to Justin.L.McFarland@ks.gov. All interested parties will be given a reasonable opportunity to present their views orally regarding the adoption of the proposed regulations during the public hearing. In order to provide all parties an opportunity to present their views, it may be necessary to request that each participant limit any oral presentation to five (5) minutes.

Any individual with a disability may request an accommodation in order to participate in the public hearing and may request the proposed regulations and economic impact statements in an accessible format. Requests for accommodation to participate in the hearing should be made at least five working days in advance of the hearing by contacting Bobbi Mariani at (785) 296-7802 or bobbi.mariani@ks.gov or the Kansas Relay Center at 1-800-766-3777. The west entrance to the Insurance Department is accessible. Handicapped parking is located on the west side of the Insurance Department.

Summaries of the proposed regulations and their economic impact follow. (Note: Statements indicating that a regulation is "not anticipated to have any economic impact" are intended to indicate that no economic impact on the Insurance Department, other state agencies, state employees, or the general public has been identified.)

Copies of the proposed regulations and the Economic Impact Statement for the proposed regulations can be viewed at the following website: <https://insurance.kansas.gov/legal-issues/>

K.A.R. 40-1-28 – Insurance holding companies; reporting forms and instructions. This is an amended regulation adopting the Kansas Insurance Department's "Policy and Procedure Providing Holding Company System Reporting Forms and Instructions," dated September 15, 2020. The updated policy and procedure incorporates changes based upon model language from the National Association of Insurance Commissioners ("NAIC"). Since the regulation updates an existing policy and procedure for reporting, it will have no economic impact.

K.A.R. 40-1-52 – Corporate governance annual disclosure; reporting forms and instructions. This is an amended regulation adopting the Kansas Insurance Department's "Policy and Procedure Providing Corporate Governance Annual Disclosure Filing Instructions," dated

September 9, 2020. The updated policy and procedure incorporates changes based upon model language from the National Association of Insurance Commissioners ("NAIC"). Since the regulation updates an existing policy and procedure for reporting, it will have no economic impact.

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K.A.R. 40-1-28. Insurance holding companies; reporting forms and instructions. The

Kansas insurance department's "policy and procedure providing insurance holding company system reporting forms and instructions," dated ~~December 10, 2014~~ September 15, 2020, is hereby adopted by reference. (Authorized by K.S.A. 40-103, K.S.A. ~~2014~~2019 Supp. 40-3309; implementing K.S.A. ~~2014~~ 2019 Supp. 40-3304, 40-3305, and 40-3306; effective May 1, 1976; amended May 1, 1979; amended May 1, 1986; amended May 1, 1988; amended May 15, 1989; amended, T-40-9-26-91, Sept. 26, 1991; amended Dec. 16, 1991; amended Jan. 31, 2014; amended March 27, 2015; amended P-_____.)

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SEP 28 2020

DEPT. OF ADMINISTRATION

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OCT 22 2020

ATTORNEY GENERAL

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Proposed

40-1-52. Corporate governance annual disclosure; reporting forms and instructions. The Kansas insurance department's "policy and procedure providing corporate governance annual disclosure filing instructions," dated September 9, 2020, is hereby adopted by reference.

(Authorized by and implementing K.S.A. 2019 Supp. 40-2,203; effective P-_____, _____.)

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**Kansas Administrative Regulations
Economic Impact Statement
For the Kansas Division of the Budget**

Kansas Insurance Department
Agency

Justin McFarland
Agency Contact

785-296-7847
Contact Phone Number

40-1-28
K.A.R. Number(s)

Submit a hard copy of the proposed rule(s) and regulation(s) and any external documents that the proposed rule(s) and regulation(s) would adopt, along with the following to:

Division of the Budget
900 SW Jackson, Room 504-N
Topeka, KS 66612

I. Brief description of the proposed rule(s) and regulation(s).

The proposed amended K.A.R. 40-1-28 adopts the Kansas Insurance Department's Policy and Procedure Providing Insurance Holding Company System Reporting Forms and Instructions, dated September 17, 2020. The policy and procedure is an adaptation of the National Association of Insurance Commissioner's ("NAIC") model regulation 450.

II. Statement by the agency if the rule(s) and regulation(s) is mandated by the federal government and a statement if approach chosen to address the policy issue is different from that utilized by agencies of contiguous states or the federal government. (If the approach is different, then include a statement of why the Kansas rule and regulation proposed is different)

The regulation is not mandated by the federal government, but it is an NAIC accreditation requirement.

All contiguous states have adopted a regulation similar to proposed K.A.R. 40-1-28. See, https://content.naic.org/sites/default/files/smi_state_adoption_maps_models.pdf

III. Agency analysis specifically addressing following:

A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;

The regulation will enhance business activities and growth by providing guidance to insurance companies regarding the forth rules and procedural requirements which the Commissioner deems necessary to carry out the provisions of the Kansas Insurance Holding Company Act, K.S.A. 40-3301, *et seq.*, and amendments thereto.

B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule and regulation and on the state economy as a whole;

The regulation will have no economic effect on insurers. Many of the changes in the regulation set forth requirements already in place by practice of the Department.

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The amendment will have no effect on other business sectors, public utility ratepayers, individuals or local governments.

C. Businesses that would be directly affected by the proposed rule and regulation;

The only businesses affected by the amendment are insurers subject to the Kansas Insurance Holding Company Act, K.S.A. 40-3301, *et seq.*, and amendments thereto.

D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;

The benefits are clearer instructions for insurers in completing the required notices and forms. **The ultimate benefit is that the updated regulation will aid in the Department's accreditation review before the NAIC.**

E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;

N/A

F. An estimate, expressed as a total dollar figure, of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

\$0

Do the above total implementation and compliance costs exceed \$3.0 million over any two-year period?

YES ☐ NO ☒

Give a detailed statement of the data and methodology used in estimating the above cost estimate.

N/A

Prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing if the total implementation and compliance costs exceed \$3.0 million over any two-year period to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.

YES ☐ NO ☒

G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas

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Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.

N/A

- H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).**

The Insurance Holding Company Model Regulation was developed through the NAIC, a national organization that utilizes lengthy deliberative processes including public comment periods, before adopting model regulations for states to adopt for accreditation.

- I. For environmental rule(s) and regulation(s) describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).**

N/A

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**Kansas Administrative Regulations
Economic Impact Statement
For the Kansas Division of the Budget**

Kansas Insurance Department
Agency

Justin McFarland
Agency Contact

785-296-7847
Contact Phone Number

40-1-52
K.A.R. Number(s)

Submit a hard copy of the proposed rule(s) and regulation(s) and any external documents that the proposed rule(s) and regulation(s) would adopt, along with the following to: Division of the Budget
900 SW Jackson, Room 504-N
Topeka, KS 66612

I. Brief description of the proposed rule(s) and regulation(s).

The proposed K.A.R. 40-1-52 adopts the Kansas Insurance Department's Policy and Procedure Providing Corporate Governance Annual Disclosure Filing Instructions, dated September 9, 2020 ("CGAD Model Regulation"). The policy and procedure is an adaptation of the National Association of Insurance Commissioner's ("NAIC") model regulation 306 pertaining to the Corporate Governance Annual Disclosure.

II. Statement by the agency if the rule(s) and regulation(s) is mandated by the federal government and a statement if approach chosen to address the policy issue is different from that utilized by agencies of contiguous states or the federal government. (If the approach is different, then include a statement of why the Kansas rule and regulation proposed is different)

The regulation is not mandated by the federal government, but it is an NAIC accreditation requirement.

All contiguous states have adopted a regulation similar to proposed K.A.R. 40-1-52. A map of states that have adopted the NAIC model regulation can be found at https://content.naic.org/sites/default/files/inline-files/smi_map_final_200728.pdf. A copy of a map showing implementation of the CGAD Model Regulation is attached.

III. Agency analysis specifically addressing following:

A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;

The regulation will enhance business activities and growth by providing guidance to completion of the Corporate Governance Annual Disclosure, a document that assists in risk focused regulation of insurers.

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- B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule and regulation and on the state economy as a whole;**

The regulation will have no economic effect on insurers as it does not impose any new filings. Rather, the regulation provides filing instructions.

The amendment will have no effect on other business sectors, public utility ratepayers, individuals or local governments.

- C. Businesses that would be directly affected by the proposed rule and regulation;**

The only businesses affected by the amendment are insurers already required to file the corporate governance annual disclosure pursuant to K.S.A. 2019 Supp. 40-2,203.

- D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;**

The benefits are clearer instructions for insurers in completing the corporate governance annual disclosure. The regulation itself results in no cost.

- E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;**

N/A

- F. An estimate, expressed as a total dollar figure, of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.**

\$0

Do the above total implementation and compliance costs exceed \$3.0 million over any two-year period?

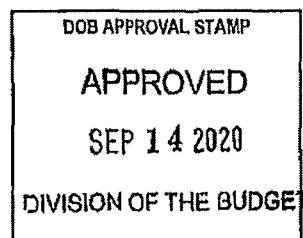
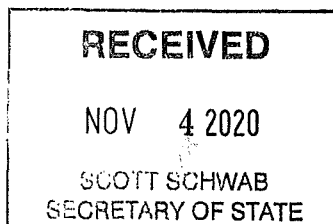
YES ☐ NO ☒

Give a detailed statement of the data and methodology used in estimating the above cost estimate.

N/A

Prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing if the total implementation and compliance costs exceed \$3.0 million over any two-year period to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.

YES ☐ NO ☒



- G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.**

N/A

- H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).**

The CGAD Model Regulation was developed through the NAIC, a national organization that utilizes lengthy deliberative processes including public comment periods, before adopting model regulations for states to adopt for accreditation.

- I. For environmental rule(s) and regulation(s) describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).**

N/A

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***POLICY AND PROCEDURE
PROVIDING
INSURANCE HOLDING COMPANY
SYSTEM REPORTING FORMS AND
INSTRUCTIONS***

***Prepared by
The Kansas Insurance Department***

September 15, 2020

**Policy and Procedure Providing
Insurance Holding Company System Reporting Forms and Instructions
September 15, 2020**

This Policy and Procedure is an adaptation of the National Association of Insurance Commissioners' Model Regulation Providing Insurance Holding Company System Reporting Forms and Instructions, Model 450.

POLICY AND PROCEDURE PROVIDING INSURANCE HOLDING COMPANY SYSTEM REPORTING FORMS AND INSTRUCTIONS

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Section 1. Purpose

The purpose of this Policy and Procedure adopted by the Kansas Commissioner of Insurance ("Commissioner") is to set forth rules and procedural requirements which the Commissioner deems necessary to carry out the provisions of the Kansas Insurance Holding Company Act, K.S.A. 40-3301, *et seq.*, and amendments thereto, of the Insurance Code hereinafter referred to as "the Act." The information called for by this Policy and Procedure is hereby declared to be necessary and appropriate in the public interest and for the protection of the policyholders in this State.

Section 2. Severability Clause

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

Section 3. Forms - General Requirements

- A. Forms A, B, C, D, E, and F are intended to be guides in the preparation of the statements required by K.S.A. 2019 Supp. 40-3304, 40-3305 and 40-3306, and amendments thereto. They are not intended to be blank forms which are to be filled in. 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. All instructions, whether appearing under the items of the form or elsewhere therein, are to be omitted. Unless expressly provided otherwise, if any item is inapplicable or the answer thereto is in the negative, an appropriate statement to that effect shall be made.
- B. Two (2) complete copies of each statement including exhibits and all other papers and documents filed as a part thereof, shall be filed with the Commissioner by personal delivery, mail, or email addressed to: Commissioner of Insurance of the State of Kansas, 1300 SW Arrowhead Road, Topeka KS 66604, Attention: Director, Financial Surveillance or kid.commissioner@ks.gov. At least one (1) of the copies shall be signed in the manner prescribed on the form. Unsigned copies shall be conformed. If the signature of any person is affixed pursuant to a power of attorney or other similar authority, a copy of the power of attorney or other authority shall also be filed with the statement.
- C. If an applicant requests a hearing on a consolidated basis under K.S.A. 2019 Supp. 40-3304, and amendments thereto in addition to filing the Form A with the Commissioner, the applicant shall file a copy of Form A with the National Association of Insurance Commissioners (NAIC) in electronic form.
- D. Statements should be prepared electronically. Statements shall be easily readable and suitable for review and reproduction. Debits in credit categories and credits in debit categories shall be designated so as to be clearly distinguishable as such on photocopies. Statements shall be in the English language and monetary values shall be stated in United States currency. If any exhibit or other paper or document filed with the statement is in a foreign language, it shall be accompanied by a translation into the English language and any monetary value shown in a foreign currency normally shall be converted into United States currency.

Section 4. Forms - Incorporation by Reference, Summaries and Omissions

- A. Information required by any item of Forms A, B, D, E, or F may be incorporated by reference in answer or partial answer to any other item. Information contained in any financial statement, annual report, proxy statement, statement filed with a governmental authority, or any other document may be incorporated by reference in answer or partial answer to any item of Forms A, B, D, E, or F provided the document is filed as an exhibit to the statement. Excerpts of documents may be filed as exhibits if the documents are extensive. Documents currently on file with the Commissioner which were filed within three (3) years need not be attached as exhibits. References to information contained in exhibits or in documents already on file shall clearly identify the material and shall specifically indicate that such material is to be incorporated by reference in answer to the item. Matter shall not be incorporated by reference in any case where the incorporation would render the statement incomplete, unclear or confusing.
- B. Where an item requires a summary or outline of the provisions of any document, only a brief statement shall be made as to the pertinent provisions of the document. In addition to the 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. 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 the 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.

Section 5. 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, a separate document shall be filed with the Commissioner:

- A. Identifying the information, document or report in question;
- B. Stating why the filing thereof at the time required is impractical; and
- C. Requesting an extension of time for filing the information, document or report to a specified date. The request for extension shall be deemed granted unless the Commissioner within thirty (30) days after receipt thereof enters an order denying the request.

Section 6. Forms - Additional Information and Exhibits

In addition to the information expressly required to be included in Forms A, B, C, D, E, and F, the Commissioner may request such further material information, if any, as may be necessary to make the information contained therein not misleading. The person filing may also file such exhibits as they may desire in addition to those expressly required by the statement. The exhibits shall be so marked as to indicate clearly the subject matters to which they refer. Changes to Forms A, B, C, D, E, or F shall include on the top of the cover page the phrase: "Change No. [insert number] to" and shall indicate the date of the change and not the date of the original filing.

Section 7. Definitions

- A. "Executive officer" means chief executive officer, chief operating officer, chief financial officer, treasurer, secretary, controller, and any other individual performing functions corresponding to those performed by the foregoing officers under whatever title.
- B. "Ultimate controlling person" means that person which is not controlled by any other person.
- C. Unless the context otherwise requires, other terms found in this Policy and Procedure are used as defined in K.S.A. 2019 Supp. 40-3302, and amendments thereto. Other nomenclature or terminology is according to the Insurance Code, or industry usage if not defined by the Code.

Section 8. Subsidiaries of Domestic Insurers

The authority to invest in subsidiaries under K.S.A. 2019 Supp. 40-3303, and amendments thereto, is in addition to any authority to invest in subsidiaries which may be contained in any other provision of the Insurance Code.

Section 9. Acquisition of Control - Statement Filing

A person required to file a statement pursuant to K.S.A. 2019 Supp. 40-3304, and amendments thereto, shall furnish the required information on Form A, hereby made a part of this Policy and Procedure. Such person shall also furnish the required information on Form E, hereby made a part of this regulation and described in Section 12 of this Policy and Procedure.

Section 10. Amendments to Form A

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

Section 11. Acquisition of Domestic Insurer

- A. If the person being acquired is deemed to be a "domestic insurer" solely because of the provisions of K.S.A. 2019 Supp. 40-3304, and amendments thereto, 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 a K.S.A. 2019 Supp. 40-3304, and amendments thereto, insurer is being acquired, references to "the insurer" contained in Form A shall refer to both the domestic subsidiary insurer and the person being acquired.

Section 12. Pre-Acquisition Notification

If a domestic insurer, including any person controlling a domestic insurer, is proposing a merger or acquisition pursuant to K.S.A. 2019 Supp. 40-3304, and amendments thereto, that person shall file a pre-acquisition notification form, Form E, hereby made a part of this Policy and Procedure, with the Commissioner prior to committing any act towards the acquisition of control of a domestic insurer.

Additionally, if a non-domiciliary insurer licensed to do business in this state is proposing a merger or acquisition pursuant to K.S.A. 2019 Supp. 40-3304, and amendments thereto, that person shall file a pre-acquisition notification form, Form E. No pre-acquisition notification form need be filed if the acquisition is beyond the scope of K.S.A. 2019 Supp. 40-3304, and amendments thereto, as set forth in K.S.A. 2019 Supp. 40-3304(e), and amendments thereto.

In addition to the information required by Form E, the Commissioner may require an expert opinion as to the competitive impact of the proposed acquisition.

Section 13. Annual Registration of Insurers - Statement Filing

An insurer required to file an annual registration statement pursuant to K.S.A. 2019 Supp. 40-3305, and amendments thereto, shall furnish the required information on Form B, hereby made a part of this Policy and Procedure.

Section 14. Summary of Registration - Statement Filing

An insurer required to file an annual registration statement pursuant to K.S.A. 2019 Supp. 40-3305, and amendments thereto, is also required to furnish information required on Form C, hereby made a part of this Policy and Procedure.

Section 15. 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. Amendments shall be filed in the Form B format with only those items which are

being amended reported. Each amendment shall include at the top of the cover page "Amendment No. [insert number] to Form B for [insert year]" and shall indicate the date of the change and not the date of the original filings.

Section 16. Alternative and Consolidated Registrations

- A. Any authorized insurer may file a registration statement on behalf of any affiliated insurer or insurers which are required to register under K.S.A. 2019 Supp. 40-3305, and amendments thereto. A registration statement may include information not required by the Act regarding any insurer in the insurance holding company system even if the insurer is not authorized to do business in this State. In lieu of filing a registration statement on Form B, the authorized insurer may file a copy of the registration statement or similar report which it is required to file in its State of domicile, provided:
 - (1) The statement or report contains substantially similar information required to be furnished on Form B; and
 - (2) The filing insurer is the principal insurance company in the insurance holding company system.
- B. 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.
- C. With the prior approval of the Commissioner, an unauthorized insurer may follow any of the procedures which could be done by an authorized insurer under subsection A above.
- D. Any insurer may take advantage of the provisions of K.S.A. 2019 Supp. 40-3305, and amendments thereto, without obtaining the prior approval of the Commissioner. The Commissioner, however, reserves the right to require individual filings if he or she deems such filings necessary in the interest of clarity, ease of administration or the public good.

Section 17. 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, the number and percentage of shares of the subject's voting securities which are held of record or known to be beneficially owned, and 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;
- (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 Commissioner, within thirty (30) days after receipt of the request, notifies the registrant otherwise.

Section 18. Transactions Subject to Prior Notice - Notice Filing

- A. An insurer required to give notice of a proposed transaction pursuant to K.S.A. 2019 Supp. 40-3306, and amendments thereto, shall furnish the required information on Form D, hereby made a part of this Policy and Procedure.

- B. Management agreements, service contracts, tax allocation agreements and all cost-sharing arrangements shall at a minimum and as applicable:

- (1) Identify the person providing services and the nature of such services;
- (2) Set forth the methods to allocate costs;
- (3) Require timely settlement, not less frequently than on a quarterly basis, and compliance with the requirements in the NAIC Accounting Practices and Procedures Manual;
- (4) Prohibit advancement of funds by the insurer to the affiliate except to pay for services defined in the agreement;
- (5) State that the insurer will maintain oversight for functions provided to the insurer by the affiliate and that the insurer will monitor services annually for quality assurance;
- (6) Define books and records of the insurer to include all books and records developed or maintained under or related to the agreement;
- (7) Specify that all books and records of the insurer are and remain the property of the insurer and are subject to control of the insurer;
- (8) State that all funds and invested assets of the insurer are the exclusive property of the insurer, held for the benefit of the insurer and are subject to the control of the insurer;
- (9) Include standards for termination of the agreement with 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;

- (11) Specify that, if the insurer is placed in receivership or seized by the Commissioner under K.S.A. 40-3605, *et seq.*, and amendments thereto:
 - (a) all of the rights of the insurer under the agreement extend to the receiver or Commissioner; and,
 - (b) all books and records will immediately be made available to the receiver or the commissioner, and shall be turned over to the receiver or Commissioner immediately upon the receiver or the commissioner's request;
- (12) Specify that the affiliate has no automatic right to terminate the agreement if the insurer is placed in receivership pursuant to K.S.A. 40-3605, *et seq.*, and amendments thereto; and
- (13) Specify that the affiliate will continue to maintain any systems, programs, or other infrastructure notwithstanding a seizure by the Commissioner under K.S.A. 40-3605, *et seq.*, and amendments thereto, and will make them available to the receiver, for so long as the affiliate continues to receive timely payment for services rendered.

Section 19. Enterprise Risk Report

The ultimate controlling person of an insurer required to file an enterprise risk report pursuant to K.S.A. 2019 Supp. 40-3305, and amendments thereto, shall furnish the required information on Form F, hereby made a part of this Policy and Procedure.

Section 20. 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 description thereof, its cost, and its fair market value together with an explanation of the basis for valuation;
 - (4) A copy of the calculations determining that the proposed dividend is extraordinary. The work paper shall include the following information:
 - (a) The amounts, dates and form of payment of all dividends or distributions (including regular dividends but excluding distributions of the insurer's own securities) paid 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;
 - (b) Surplus as regards policyholders (total capital and surplus) as of the 31st day of December immediately preceding;
 - (c) If the insurer is a life insurer, the net gain from operations for the twelve (12)-month period ending the 31st day of December immediately

preceding;

- (d) If the insurer is not a life insurer, the net income less realized capital gains for the twelve (12)-month period ending the 31st day of December immediately preceding and the two preceding twelve (12)-month periods; and
- (e) If the insurer is not a life insurer, the dividends paid to stockholders excluding distributions of the insurer's own securities in the preceding two (2) calendar years;
- (5) A balance sheet and statement of income for the period intervening from the last annual statement filed with the Commissioner and the end of the month preceding the month in which the request for dividend approval is submitted; and
- (6) A brief statement as to the effect of the proposed dividend upon the insurer's surplus 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.
- (7) A copy of the board of directors' resolution approving the dividend of the domestic insurer.

- B. Subject to K.S.A. 2019 Supp. 40-3306, and amendments thereto, 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 K.S.A. 2019 Supp. 40-3305, and amendments thereto.

Section 21. Adequacy of Surplus

The factors set forth in K.S.A. 2019 Supp. 40-3305, and amendments thereto, are not intended to be an exhaustive list. In determining the adequacy and reasonableness of an insurer's surplus no single factor is necessarily controlling. The Commissioner instead will consider the net effect of all of these factors plus other factors bearing on the financial condition of the insurer. 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.

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

(Name of Domestic Insurer)

By

(Name of Acquiring Person (Applicant))

Filed with the Insurance Department of

(State of domicile of insurer being acquired)

Dated: _____, 20____

Name, title, address and telephone number of Individual to Whom Notices and Correspondence
Concerning this Statement Should Be Addressed:

ITEM 1. METHOD OF ACQUISITION

State the name and address of the domestic insurer to which this application relates and a
brief description of how control is to be acquired.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

- (a) State the name and address of the applicant seeking to acquire control over the insurer.
- (b) If the applicant is not an individual, state the nature of its business operations for the
past five (5) years or for such lesser period as such person and any predecessors thereof
shall have been in existence. Briefly describe the business intended to be done by the
applicant and the applicant's subsidiaries.
- (c) Furnish a chart or list clearly presenting the identities of the interrelationships among
the applicant and all affiliates of the applicant. Indicate in such chart or list the
percentage of voting securities of each such person which is owned or controlled by
the applicant or by any other such person.

If control of any person is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or list indicate the type of organization (for example, corporation, trust, partnership) and the state or other jurisdiction of domicile. If court proceedings involving a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.

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

On the biographical affidavit, include a third party background check, and state the following with respect to (1) the applicant if they are an individual or (2) all persons who are directors, executive officers or owners of ten percent (10%) or more of the voting securities of the applicant if the applicant is not an individual.

- (a) Name and business address.
- (b) Present principal business activity, occupation or employment including position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on.
- (c) Material occupations, positions, offices or employment during the last five (5) years, giving the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on; if any such occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency, indicate such fact, the current status of such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith.
- (d) Whether or not such person has ever been convicted in a criminal proceeding (excluding minor traffic violations) during the last ten (10) years and, if so, give the date, nature of conviction, name and location of court, and penalty imposed or other disposition of the case.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

- (a) Describe the nature, source and amount of funds or other considerations used or to be used in effecting the merger or other acquisition of control. If any part of the same is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding or trading securities, furnish a description of the transaction, the names of the parties thereto, the relationship, if any, between the borrower and the lender, the amounts borrowed or to be borrowed, and copies of all agreements, promissory notes and security arrangements relating thereto.
- (b) Explain the criteria used in determining the nature and amount of such consideration.
- (c) If the source of the consideration is a loan made in the lender's ordinary course of business and if the applicant wishes the identity of the lender to remain confidential, they must specifically request that the identity be kept confidential.

ITEM 5. FUTURE PLANS OF INSURER

Describe any plans or proposals which the applicant may have to declare an extraordinary dividend, to liquidate the insurer, to sell its assets to or merge it with any person or persons or to make any other material change in its business operations or corporate structure or management.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

State the number of shares of the insurer's voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire, and the terms of the offer, request, invitation, agreement or acquisition, and a statement as to the method by which the fairness of the proposal was arrived at.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

State the amount of each class of any voting security of the insurer which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.

ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

Give a full description of any contracts, arrangements or understandings with respect to any voting security of the insurer in which the applicant, its affiliates or any person listed in Item 3 is involved, including but not limited to, transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. Such description shall identify the persons with whom the contracts, arrangements or understandings have been entered into.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

Describe any purchases of any voting securities of the insurer by the applicant, its affiliates or any person listed in Item 3 during the twelve (12) calendar months preceding the filing of this statement. Include in the description the dates of purchase, the names of the purchasers, and the consideration paid or agreed to be paid therefor. State whether any shares so purchased are hypothecated.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Describe any recommendations to purchase any voting security of the insurer made by the applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the applicant, its affiliates or any person listed in Item 3 during the twelve (12) calendar months preceding the filing of this statement.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the insurer for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

- (a) Financial statements, exhibits, and three (3) year financial projections of the insurer(s) shall be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.
- (b) The financial statements shall include the annual financial statements of the persons identified in Item 2(c) for the preceding five (5) fiscal years (or for such lesser period as such applicant and its affiliates and any predecessors thereof shall have been in existence), and similar information covering the period from the end of such person's last fiscal year, if the information is available, to a date not earlier than ninety (90) days prior to the filing of the Form A. The statements may be prepared on either an individual basis, or, unless the Commissioner otherwise requires, on a consolidated basis if consolidated statements are prepared in the usual course of business.

The annual financial statements of the applicant shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial position of the applicant and the results of its operations for the year then ended, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles prescribed or permitted under law. If the applicant is an insurer which is actively engaged in the business of insurance, the financial statements need not be certified, provided they are based on the Annual Statement of the person filed with the insurance department of the person's domiciliary state and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of the state.

- (c) File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material relating thereto, any proposed employment, consultation, advisory or management contracts concerning the insurer, annual reports to the stockholders of the insurer and the applicant for the last two (2) fiscal years, and any additional documents or papers required by Form A or Sections 4 and 6 of this Policy and Procedure.

ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

Applicant agrees to provide, to the best of its knowledge and belief, the information required by Form F within fifteen (15) days after the end of the month in which the acquisition of control occurs.

ITEM 14. SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

SIGNATURE

Pursuant to the requirements of K.S.A. 2019 Supp. 40-3304, and amendments thereto, _____ has caused this application to be duly signed on its behalf in the City of _____ and State of _____ on the _____, day of _____, 20____.

(Name of Applicant)

By

(Name)

(Title)

Attest:

(Signature of Officer)

(Title)

CERTIFICATION

The undersigned deposes and says that they have duly executed the attached application dated _____, 20____, for and on behalf of _____ (Name of Applicant); that they are the _____ (Title of Officer) of such company and that they are authorized to execute and file such instrument. Deponent further says that they are familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of their knowledge, information and belief.

(Signature)

(Type or print name)

FORM B

INSURANCE HOLDING COMPANY SYSTEM ANNUAL REGISTRATION STATEMENT

Filed with the Kansas Insurance Department

By

(Name of Registrant)

On Behalf of Following Insurance Companies

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

_____	_____
_____	_____
_____	_____
_____	_____

Date: _____, 20____

Name, title, address and telephone number of Individual to Whom Notices and Correspondence Concerning This Statement Should Be Addressed:

ITEM 1. IDENTITY AND CONTROL OF REGISTRANT

Furnish the exact name of each insurer registering or being registered (hereinafter called "the Registrant"), the home office address and principal executive offices of each; the date on which each registrant became part of the insurance holding company system; and the method(s) by which control of each registrant was acquired and is maintained.

ITEM 2. ORGANIZATIONAL CHART

Furnish a chart or list clearly presenting the identities of and interrelationships among all affiliated persons within the insurance holding company system. The chart or list should show the percentage of each class of voting securities of each affiliate which is owned, directly or indirectly, by another affiliate. If control of any person within the system is maintained other than by the ownership or control of voting securities, indicate the basis of control. As to each person specified in the chart or list indicate the type of organization (for example, corporation, trust, partnership) and the state or other jurisdiction of domicile.

ITEM 3. THE ULTIMATE CONTROLLING PERSON

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

- (a) Name;
- (b) Home office address;
- (c) Principal executive office address;
- (d) The organizational structure of the person, that is a corporation, partnership, individual, trust, etc.;
- (e) The principal business of the person;
- (f) The name and address of any person who holds or owns ten percent (10%) or more of any class of voting security, the class of such security, the number of shares held of record or known to be beneficially owned, and the percentage of class so held or owned; and
- (g) If court proceedings involving a reorganization or liquidation are pending, indicate the title and location of the court, the nature of proceedings and the date when commenced.

ITEM 4. BIOGRAPHICAL INFORMATION

If the ultimate controlling person is a corporation, an organization, a limited liability company, or other legal entity, furnish the following information for the directors and executive officers of the ultimate controlling person: the individual's name and address, his or her principal occupation and all offices and positions held during the past five (5) years, and any conviction of crimes other than minor traffic violations. If the ultimate controlling person is an individual, furnish the individual's name and address, his or her principal occupation and all offices and positions held during the past five (5) years, and any conviction of crimes other than minor traffic violations.

ITEM 5. CORPORATE GOVERNANCE AND INTERNAL CONTROLS

Include a statement that the insurer's board of directors is responsible for and oversees Corporate governance and internal controls and that the insurer's principal officers have approved, implemented and continue to maintain and monitor corporate governance and internal control procedures.

ITEM 6. TRANSACTIONS AND AGREEMENTS

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

- (a) Loans, other investments, or purchases, sales or exchanges of securities of the affiliates by the Registrant or of the Registrant by its affiliates;
- (b) Purchases, sales or exchanges of assets;

- (c) Transactions not in the ordinary course of business;
- (d) Guarantees or undertakings for the benefit of an affiliate which result in an actual contingent exposure of the Registrant's assets to liability, other than insurance contracts entered into in the ordinary course of the registrant's business;
- (e) All management agreements, service contracts and all cost-sharing arrangements;
- (f) Reinsurance agreements;
- (g) Dividends and other distributions to shareholders;
- (h) Consolidated tax allocation agreements; and
- (i) Any pledge of the registrant's stock and/or of the stock of any subsidiary or controlling affiliate, for a loan made to any member of the insurance holding company system.

No information need be disclosed if such information is not material for purposes of K.S.A. 2019 Supp. 40-3305, and amendments thereto.

Sales, purchases, exchanges, loans or extensions of credit, investments or guarantees involving one-half of one percent (1%) or less of the registrant's admitted assets as of the 31st day of December immediately preceding shall not be deemed material.

The description shall be in a manner as to permit the proper evaluation thereof by the Commissioner, and shall include at least the following: the nature and purpose of the transaction, the nature and amounts of any payments or transfers of assets between the parties, the identity of all parties to the transaction, and relationship of the affiliated parties to the registrant.

ITEM 7. LITIGATION OR ADMINISTRATIVE PROCEEDINGS

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

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

ITEM 8. STATEMENT REGARDING PLAN OR SERIES OF TRANSACTIONS

The insurer shall furnish a statement that transactions entered into since the filing of the

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

ITEM 9. FINANCIAL STATEMENTS AND EXHIBITS

- (a) Financial statements and exhibits should be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.
- (b) If the ultimate controlling person is a corporation, an organization, a limited liability company, or other legal entity, the financial statements shall include the annual financial statements of the ultimate controlling person in the insurance holding company system as of the end of the person's latest fiscal year.

If at the time of the initial registration, the annual financial statements for the latest fiscal year are not available, annual statements for the previous fiscal year may be filed and similar financial information shall be filed for any subsequent period to the extent such information is available. Such financial statements may be prepared on either an individual basis; or, unless the Commissioner otherwise requires, on a consolidated basis if consolidated statements are prepared in the usual course of business.

Other than with respect to the foregoing, such financial statement shall be filed in a standard form and format adopted by the National Association of Insurance Commissioners, unless an alternative form is accepted by the Commissioner. Documentation and financial statements filed with the Securities and Exchange Commission or audited GAAP financial statements shall be deemed to be an appropriate form and format.

Unless the Commissioner otherwise permits, the annual financial statements shall be accompanied by the certificate of an independent public accountant to the effect that the statements present fairly the financial position of the ultimate controlling person and the results of its operations for the year then ended, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles prescribed or permitted under law. If the ultimate controlling person is an insurer which is actively engaged in the business of insurance, the annual financial statements need not be certified, provided they are based on the Annual Statement of the insurer's domiciliary state and are in accordance with requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of that state.

Any ultimate controlling person who is an individual may file personal financial statements that are reviewed rather than audited by an independent public accountant. The review shall be conducted in accordance with standards for review of personal financial statements published in the *Personal Financial Statements Guide* by the American Institute of Certified Public Accountants. Personal financial statements shall be accompanied by the independent public accountants Standard Review Report stating that the accountant is not aware of any material modifications that should be made to the financial statements in order for the statements to be in conformity with generally accepted accounting principles.

- (c) Exhibits shall include copies of the latest annual reports to shareholders of the ultimate controlling person and proxy material used by the ultimate controlling

person; and any additional documents or papers required by Form B or Sections 3 and 5 of this Policy and Procedure.

ITEM 10. FORM C REQUIRED

A Form C, Summary of Changes to Registration Statement, must be prepared and filed with this Form B.

ITEM 11. SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

SIGNATURE

Pursuant to the requirements of K.S.A. 2019 Supp. 40-3305, and amendments thereto, Registrant has caused this annual registration statement to be duly signed on its behalf in the City of _____ and State of _____
_____ on the _____ day of _____, 20__.

(Name of Registrant)

By

(Name)

(Title)

Attest:

(Signature of Officer)

(Title)

CERTIFICATION

The undersigned deposes and says that they have duly executed the attached annual registration statement dated _____, 20__, for and on behalf of _____ (Name of Registrant); that they are the _____ (Title of Officer) of such company and that they are authorized to execute and file such instrument. Deponent further

says that they are familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of their knowledge, information and belief.

(Signature)

(Type or print name)

FORM C

SUMMARY OF CHANGES TO REGISTRATION STATEMENT

Filed with the Insurance Department of the State of _____

By

(Name of Registrant)

On Behalf of Following Insurance Companies

Name	Address
_____	_____
_____	_____
_____	_____
_____	_____

Date: _____, 20____

Name, title, address and telephone number of Individual to Whom Notices and Correspondence Concerning This Statement Should Be Addressed:

Furnish a brief description of all items in the current annual registration statement which represent changes from the prior year's annual registration statement. The description shall be in a manner as to permit the proper evaluation thereof by the Commissioner, and shall include specific references to Item numbers in the annual registration statement and to the terms contained therein.

Changes occurring under Item 2 of Form B insofar as changes in the percentage of each class of voting securities held by each affiliate is concerned, need only be included where such changes are ones which result in ownership or holdings of ten percent (10%) or more of voting securities, loss or transfer of control, or acquisition or loss of partnership interest.

Changes occurring under Item 4 of Form B need only be included where an individual is, for the first time, made a director or executive officer of the ultimate controlling person; a director or executive officer terminates his or her responsibilities with the ultimate controlling person; or in the event an individual is named president of the ultimate controlling person.

If a transaction disclosed on the prior year's annual registration statement has been

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

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

SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

SIGNATURE

Pursuant to the requirements of K.S.A. 2019 Supp. 40-3305, and amendments thereto, Registrant has caused this summary of changes to registration statement to be duly signed on its behalf in the City of _____ and State of _____ on the _____ day of _____, 20____.

(Name of Registrant)

By:

(Name)

(Title)

Attest:

(Signature of Officer)

(Title)

CERTIFICATION

The undersigned deposes and says that they have duly executed the attached summary of changes to registration statement dated _____, 20____, for and on behalf of _____ (Name of Registrant); that they are the _____ (Title of Officer) of such company and that they are authorized to execute and file such instrument. Deponent further says that they are familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of their knowledge, information

and belief.

(Signature of Officer)

(Printed Name)

FORM D

PRIOR NOTICE OF A TRANSACTION

Filed with the Kansas Insurance Department

By

(Name of Registrant)

On Behalf of Following Insurance Companies

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

_____	_____
_____	_____
_____	_____
_____	_____

Date: _____, 20____

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, that is, 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) Where 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 K.S.A. 2014 Supp. 40-3306, and amendments thereto;
- (b) A statement of the nature of the transaction;
- (c) A statement of how the transaction meets the 'fair and reasonable' standard of K.S.A. 2019 Supp. 40-3306, and amendments thereto; and
- (d) The proposed effective date of the transaction.

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

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, or investment, 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 of the basis for evaluation.

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 such 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 such investments, guarantees or arrangements. Furnish a brief statement as to the effect of the transaction upon the insurer's surplus.

No notice need be given if the maximum amount which can at any time be outstanding or for which the insurer can be legally obligated under the loan, extension of credit or guarantee is less than (a) in the case of non-life insurers, the lesser of three percent (3%) of the insurer's admitted assets or twenty-five percent (25%) of surplus as regards policyholders, or (b) in the case of life insurers, three percent (3%) of the insurer's admitted assets, each as of the 31st day of December immediately 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 such 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 the basis for evaluation. Furnish a brief statement as to the effect of the transaction upon the insurer's surplus.

No notice need be given if the loan or extension of credit is one which equals less than, in the case of non-life insurers, the lesser of three percent (3%) of the insurer's admitted assets or twenty-five percent (25%) of surplus as regards policyholders or, with respect to life insurers, three percent (3%) of the insurer's admitted assets, each as of the 31st day of December immediately preceding.

ITEM 5. REINSURANCE

If the transaction is a reinsurance agreement or modification thereto, as described by Section K.S.A. 2019 Supp. 40-3306, and amendments thereto, or a reinsurance pooling agreement or modification thereto as described by K.S.A. 2019 Supp. 40-3306, and amendments thereto, 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 (1) 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.

No notice need be given for reinsurance agreements or modifications thereto if the reinsurance premium or a change in the insurer's liabilities, or the projected reinsurance premium or change in the insurer's liabilities in any of the next three (3) years, in connection with the reinsurance agreement or modification thereto is less than five percent (5%) of the insurer's surplus as regards policyholders, as of the 31st day of December next immediately preceding. Notice shall be given for all reinsurance pooling agreements including modifications thereto.

ITEM 6. MANAGEMENT AGREEMENTS, SERVICE AGREEMENTS, TAX ALLOCATION ARRANGMENTS AND COST- SHARING ARRANGEMENTS.

For management and service agreements, furnish:

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

For tax allocation arrangements and cost-sharing arrangements, furnish:

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

ITEM 7. SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

SIGNATURE

Pursuant to the requirements of K.S.A. 2019 Supp. 40-3306, and amendments thereto,
 _____ has caused this prior notice of a transaction to be duly signed on its behalf in the
 City of _____ and State of _____ on the _____ day of _____,
 20____.

(Name of Applicant)

By

(Name)

(Title)

Attest:

(Signature of Officer)

(Title)

CERTIFICATION

The undersigned deposes and says that they have duly executed the attached application prior notice of a transaction dated_____, 20____, for and on behalf of_____(Name of Applicant); that they are the _____ (Title of Officer) of such company and that they are authorized to execute and file such instrument. Deponent further says that they are familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of their knowledge, information and belief.

(Signature)

(Type or print name)

FORM E

**PRE-ACQUISITION NOTIFICATION FORM REGARDING THE POTENTIAL
COMPETITIVE IMPACT OF A PROPOSED MERGER OR ACQUISITION BY A
NON-DOMICILIARY INSURER DOING BUSINESS IN THIS STATE OR BY A DOMESTIC
INSURER**

Name of Applicant

Name of Other Person Involved in Merger or Acquisition

Filed with the Kansas Insurance Department

Dated: _____, 20 _____

Name, title, address and telephone number of person completing this statement:

ITEM 1. NAME AND ADDRESS

State the names and addresses of the persons who hereby provide notice of their involvement in a pending acquisition or change in corporate control.

ITEM 2. NAME AND ADDRESSES OF AFFILIATED COMPANIES

State the names and addresses of the persons affiliated with those listed in Item 1. Describe their affiliations.

State the nature and purpose of the proposed merger or acquisition.

ITEM 4. NATURE OF BUSINESS

State the nature of the business performed by each of the persons identified in response to Item 1 and Item 2.

ITEM 5. MARKET AND MARKET SHARE

State specifically what market and market share in each relevant insurance market the persons identified in Item 1 and Item 2 currently enjoy in this state. Provide historical market and market share data for each person identified in Item 1 and Item 2 for the past five years and identify the source of such data. Provide a determination as to whether the proposed acquisition or merger, if consummated, would violate the competitive standards of the state as determined by the Commissioner. If the proposed acquisition or merger would violate competitive standards, provide justification of why the acquisition or merger would not substantially lessen competition or create a monopoly in the state.

For purposes of this question, market means direct written insurance premium in this state for a line of business as contained in the annual statement required to be filed by insurers licensed to do business in this state.

FORM F

ENTERPRISE RISK REPORT

Filed with the Kansas Insurance Department

By

(Name of Registrant/Applicant)

On Behalf of/Related to Following Insurance Companies

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

_____	_____
_____	_____
_____	_____
_____	_____

Date: _____, 20____

Name, title, address and telephone number of Individual to Whom Notices and Correspondence Concerning This Statement Should Be Addressed:

ITEM 1. ENTERPRISE RISK

The Registrant/Applicant, to the best of its knowledge and belief, shall provide information regarding the following areas that could produce enterprise risk as defined in K.S.A. 2019 Supp. 40-3302, and amendments thereto, provided such information is not disclosed in the Insurance Holding Company System Annual Registration Statement filed on behalf of itself or another insurer for which it is the ultimate controlling person:

- Any material developments regarding strategy, internal audit findings, compliance or risk management affecting the insurance holding company system;
- Acquisition or disposal of insurance entities and reallocating of existing financial or insurance entities within the insurance holding company system;
- Any changes of shareholders of the insurance holding company system exceeding ten percent (10%) or more of voting securities;

- Developments in various investigations, regulatory activities or litigation that may have a significant bearing or impact on the insurance company system;
- Business plan of the insurance holding company system and summarized strategies for next twelve (12) months;
- Identification of material concerns of the insurance holding company system raised by supervisory college, if any, in last year;
- Identification of insurance holding company system capital resources and material distribution patterns;
- Identification of any negative movement, or discussions with rating agencies which may have caused, or may cause, potential negative movement in the credit ratings and individual insurer financial strength ratings assessment of the insurance holding company system (including both the rating score and outlook);
- Information on corporate or parental guarantees throughout the holding company and the expected source of liquidity should such guarantees be called upon; and
- Identification of any material activity or development of the insurance holding company system that, in the opinion of senior management, could adversely affect the insurance holding company system.

The Registrant/Applicant may attach the appropriate form most recently filed with the U.S. Securities and Exchange Commission, provided the Registrant/Applicant includes specific references to those areas listed in Item 1 for which the form provides responsive information. If the Registrant/Applicant is not domiciled in the U.S., it may attach its most recent public audited financial statement filed in its country of domicile, provided the Registrant/Applicant includes specific references to those areas listed in Item 1 for which the financial statement provides responsive information.

ITEM 2: OBLIGATION TO REPORT

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

***POLICY AND PROCEDURE
PROVIDING
CORPORATE GOVERNANCE ANNUAL
DISCLOSURE FILING INSTRUCTIONS***

***Prepared by
The Kansas Insurance Department***

September 9, 2020

**Policy and Procedure Providing
Corporate Governance Annual Disclosure Filing Instructions September 9, 2020**

This Policy and Procedure is an adaptation of the National Association of Insurance Commissioners' Corporate Governance Annual Disclosure Model Regulation, as amended 1st quarter 2015.

Section 1. Authority

This regulation is promulgated pursuant to the authority granted by K.S.A. 2019 Supp. 40-2,203, and amendments thereto.

Section 2. Purpose

The purpose of this regulation is to set forth the procedures for filing and the required contents of the Corporate Governance Annual Disclosure (CGAD), deemed necessary by the Commissioner to carry out the provisions of K.S.A. 2019 Supp. 40-2,203, and amendments thereto.

Section 3. Definitions.

- A. "Commissioner." The commissioner of insurance for the state of Kansas.
- B. "Insurance group." For the purpose of this regulation, the term "insurance group" shall mean those insurers and affiliates included within an insurance holding company system as defined in K.S.A. 40-3302, and amendments thereto.
- C. "Insurer." The term "insurer" means the same as set forth in K.S.A. 40-3302, except that it shall not include agencies, authorities or instrumentalities of the United States, its possessions and territories, the Commonwealth of Puerto Rico, the District of Columbia, or a state or political subdivision of a state.
- D. "Senior Management." The term "senior management" shall mean any corporate officer responsible for reporting information to the board of directors at regular intervals or providing this information to shareholders or regulators and shall include, for example and without limitation, the chief executive officer ("CEO"), chief financial officer ("CFO"), chief operations officer ("COO"), chief procurement officer ("CPO"), chief legal officer ("CLO"), chief information officer ("CIO"), chief technology officer ("CTO"), chief revenue officer ("CRO"), chief visionary officer ("CVO"), or any other "C" level executive.

Section 4. Filing Procedures

- A. An insurer, or the insurance group of which the insurer is a member, required to file a CGAD pursuant to K.S.A. 2019 Supp. 40-2,203, and amendments thereto, shall, no later than June 1 of each calendar year, submit to the Commissioner a CGAD that contains the information described in Section 5 of this regulation.
- B. The CGAD must include a signature of the insurer's or insurance group's chief executive officer or corporate secretary attesting to the best of that individual's belief and knowledge that the insurer or insurance group has implemented the corporate governance practices and that a copy of the CGAD has been provided to the insurer's or insurance group's Board of Directors ("Board") or the appropriate committee thereof.

- C. The insurer or insurance group shall have discretion regarding the appropriate format for providing the information required by this regulation and is permitted to customize the CGAD to provide the most relevant information necessary to permit the Commissioner to gain an understanding of the corporate governance structure, policies and practices utilized by the insurer or insurance group.
- D. For purposes of completing the CGAD, the insurer or insurance group may choose to provide information on governance activities that occur at the ultimate controlling parent level, an intermediate holding company level and/or the individual legal entity level, depending upon how the insurer or insurance group has structured its system of corporate governance. The insurer or insurance group is encouraged to make the CGAD disclosures at the level at which the insurer's or insurance group's risk appetite is determined, or at which the earnings, capital, liquidity, operations, and reputation of the insurer are overseen collectively and at which the supervision of those factors are coordinated and exercised, or the level at which legal liability for failure of general corporate governance duties would be placed. If the insurer or insurance group determines the level of reporting based on these criteria, it shall indicate which of the three criteria was used to determine the level of reporting and explain any subsequent changes in level of reporting.
- E. Notwithstanding Subsection A of this section, and as outlined in K.S.A. 2019 Supp. 40-2,203(c), and amendments thereto, if the CGAD is completed at the insurance group level, then it must be filed with the lead state of the group as determined by the procedures outlined in the most recent Financial Analysis Handbook adopted by the NAIC. In these instances, a copy of the CGAD must also be provided to the chief regulatory official of any state in which the insurance group has a domestic insurer, upon request.
- F. An insurer or insurance group may comply with this section by referencing other existing documents (e.g., ORSA Summary Report, Holding Company Form B or F Filings, Securities and Exchange Commission (SEC) Proxy Statements, foreign regulatory reporting requirements, etc.) if the documents provide information that is comparable to the information described in Section 5. The insurer or insurance group shall clearly reference the location of the relevant information within the CGAD and attach the referenced document if it is not already filed or available to the regulator.
- G. Each year following the initial filing of the CGAD, the insurer or insurance group shall file an amended version of the previously filed CGAD indicating where changes have been made. If no changes were made in the information or activities reported by the insurer or insurance group, the filing should so state.

Section 5. Contents of Corporate Governance Annual Disclosure

- A. The insurer or insurance group shall be as descriptive as possible in completing the CGAD, with inclusion of attachments or example documents that are used in the governance process, since these may provide a means to demonstrate the strengths of their governance framework and practices.
- B. The CGAD shall describe the insurer's or insurance group's corporate governance framework and structure including consideration of the following.
 - (1) The Board and various committees thereof ultimately responsible for overseeing the insurer or insurance group and the level(s) at which that oversight occurs (e.g., ultimate control level, intermediate holding company, legal entity, etc.). The insurer or insurance group shall describe and discuss the rationale for the current Board size and structure; and
 - (2) The duties of the Board and each of its significant committees and how they are governed (e.g., bylaws, charters, informal mandates, etc.), as well as how the Board's leadership is structured, including a discussion of the roles of chief executive officer (CEO) and chair of the Board within the organization.
- C. The insurer or insurance group shall describe the policies and practices of the most senior governing entity and significant committees thereof, including a discussion of the following factors:
 - (1) How the qualifications, expertise and experience of each Board member meet the needs of the insurer or insurance group.

- (2) How an appropriate amount of independence is maintained on the Board and its significant committees.
 - (3) The number of meetings held by the Board and its significant committees over the past year as well as information on director attendance.
 - (4) How the insurer or insurance group identifies, nominates and elects members to the Board and its committees. The discussion should include, for example:
 - (a) Whether a nomination committee is in place to identify and select individuals for consideration.
 - (b) Whether term limits are placed on directors.
 - (c) How the election and re-election processes function.
 - (5) The processes in place for the Board to evaluate its performance and the performance of its committees, as well as any recent measures taken to improve performance (including any Board or committee training programs that have been put in place).
- D. The insurer or insurance group shall describe the policies and practices for directing Senior Management, including a description of the following factors:
- (1) Any processes or practices (i.e., suitability standards) to determine whether officers and key persons in control functions have the appropriate background, experience and integrity to fulfill their prospective roles, including:
 - (a) Identification of the specific positions for which suitability standards have been developed and a description of the standards employed.
 - (b) Any changes in an officer's or key person's suitability as outlined by the insurer's or insurance group's standards and procedures to monitor and evaluate such changes.
 - (2) The insurer's or insurance group's code of business conduct and ethics, the discussion of which considers, for example:
 - (a) Compliance with laws, rules, and regulations; and
 - (b) Proactive reporting of any illegal or unethical behavior.
 - (3) The insurer's or insurance group's processes for performance evaluation, compensation and corrective action to ensure effective senior management throughout the organization, including a description of the general objectives of significant compensation programs and what the programs are designed to reward. The description shall include sufficient detail to allow the Commissioner to understand how the organization ensures that compensation programs do not encourage and/or reward excessive risk taking. Elements to be discussed may include, for example:
 - (a) The Board's role in overseeing management compensation programs and practices.
 - (b) The various elements of compensation awarded in the insurer's or insurance group's compensation programs and how the insurer or insurance group determines and calculates the amount of each element of compensation paid;
 - (c) How compensation programs are related to both company and individual performance over time;

- (d) Whether compensation programs include risk adjustments and how those adjustments are incorporated into the programs for employees at different levels;
 - (e) Any clawback provisions built into the programs to recover awards or payments if the performance measures upon which they are based are restated or otherwise adjusted;
 - (f) Any other factors relevant in understanding how the insurer or insurance group monitors its compensation policies to determine whether its risk management objectives are met by incentivizing its employees.
- (4) The insurer's or insurance group's plans for CEO and Senior Management succession.

E. The insurer or insurance group shall describe the processes by which the Board, its committees and Senior Management ensure an appropriate amount of oversight to the critical risk areas impacting the insurer's business activities, including a discussion of:

- (1) How oversight and management responsibilities are delegated between the Board, its committees and Senior Management;
- (2) How the Board is kept informed of the insurer's strategic plans, the associated risks, and steps that Senior Management is taking to monitor and manage those risks;
- (3) How reporting responsibilities are organized for each critical risk area. The description should allow the Commissioner to understand the frequency at which information on each critical risk area is reported to and reviewed by Senior Management and the Board. This description may include, for example, the following critical risk areas of the insurer:
 - (a) Risk management processes or reference to an ORSA summary report;
 - (b) Actuarial function;
 - (c) Investment decision-making processes;
 - (d) Reinsurance decision-making processes;
 - (e) Business strategy/finance decision-making processes;
 - (f) Compliance function;
 - (g) Financial reporting/internal auditing; and
 - (h) Market conduct decision-making processes.