

**CHAPTER 2720**  
**DEPARTMENT OF COMMERCE**  
**INSURANCE HOLDING COMPANY SYSTEMS**

2720.0100	DEFINITIONS.	2720.1400	ADDITIONAL INFORMATION AND EXHIBITS.
2720.0300	PURPOSE.	2720.1500	AMENDMENTS.
2720.0350	SEVERABILITY CLAUSE.	2720.1600	ACQUISITION FILING STATEMENT.
2720.0400	APPROVAL OF ACQUISITION OF CONTROL.	2720.1700	ANNUAL REGISTRATION OF INSURERS; STATEMENT; FILING.
2720.0500	EXTRAORDINARY DIVIDENDS AND OTHER DISTRIBUTIONS.	2720.1800	EXEMPTIONS FROM FILING.
2720.0600	ADEQUACY OF SURPLUS.	2720.1900	DISCLAIMERS AND TERMINATION OF REGISTRATION.
	<b>ACQUISITION FILING STATEMENTS AND REGISTRATION STATEMENTS</b>	2720.2000	TRANSACTIONS SUBJECT TO PRIOR NOTICE.
2720.1100	FORMS.	2720.9910	FORM A; ACQUISITION FILING STATEMENT.
2720.1200	INCORPORATIONS BY REFERENCE, SUMMARIES, AND OMISSIONS.	2720.9920	FORM B; ANNUAL REGISTRATION STATEMENT.
2720.1300	INFORMATION UNKNOWN OR UNAVAILABLE.	2720.9930	FORM C; REGISTRATION SUMMARY STATEMENT.
		2720.9940	FORM D; TRANSACTION NOTICE.

**2720.0100 DEFINITIONS.**

Subpart 1. **Scope.** For the purposes of this chapter, the terms defined in this part have the meanings given them.

Subp. 2. **Acquisition filing statement.** "Acquisition filing statement" means the statement that must be filed prior to the acquisition of control or an attempt to acquire control, as specified in Minnesota Statutes, section 60D.17.

Subp. 3. [Repealed, 17 SR 1272]

Subp. 4. [Repealed, 17 SR 1272]

Subp. 5. **Executive officer.** "Executive officer" means any individual charged with active management and control in an executive capacity of a person, whether incorporated or unincorporated, including a 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 any title.

Subp. 6. **Foreign insurer.** "Foreign insurer" includes an alien insurer.

Subp. 7. **Registration statement.** "Registration statement" means the statement that must be filed pursuant to Minnesota Statutes, section 60D.19.

Subp. 8. **Ultimate controlling person.** "Ultimate controlling person" means that person within an insurance holding company system that is not controlled by any other person; provided, however, that if the commissioner so determines, the ultimate controlling person shall be the affiliated person about which the disclosures required hereunder would be most meaningful and would best serve to effectuate the purposes of Minnesota Statutes, chapter 60D.

**Statutory Authority:** *MS s 45.023; 60D.07; 60D.23*

**History:** *17 SR 1272*

**2720.0200** [Repealed, 17 SR 1272]

**2720.0300 PURPOSE.**

The purposes of these rules are to set forth procedural requirements that the commissioner deems necessary to carry out the provisions of the act. The information called for by these rules is hereby declared to be necessary and appropriate, in the public interest, and for the protection of policyholders and shareholders of insurance companies in this state.

**Statutory Authority:** *MS s 60D.07*

**2720.0350 SEVERABILITY CLAUSE.**

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

**Statutory Authority:** *MS s 45.023; 60D.23*

**History:** *17 SR 1272*

**2720.0400 APPROVAL OF ACQUISITION OF CONTROL.**

The commissioner may order a public hearing prior to approval of an acquisition of control, but the hearing is not mandatory prior to approval except as provided in Minnesota Statutes, chapter 60D.

**Statutory Authority:** *MS s 45.023; 60D.07; 60D.23*

**History:** *17 SR 1272*

**2720.0500 EXTRAORDINARY DIVIDENDS AND OTHER DISTRIBUTIONS.**

Subpart 1. **Format for request.** Requests for approval of extraordinary dividends or any other extraordinary distribution to shareholders shall include the following:

- A. the amount of the proposed dividend;
- B. the date established for payment of the dividend;
- C. 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;

D. a copy of the calculations determining that the proposed dividend is extraordinary. The work paper must include the following information:

(1) 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 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 preceding year;

(2) surplus as regards policyholders, or total capital and surplus, as of the preceding December 31;

(3) if the insurer is a life insurer, the net gain from operations for the 12-month period ending on the preceding December 31;

(4) if the insurer is not a life insurer, the net income less realized capital gains for the 12-month period ending on the preceding December 31 and the two preceding 12-month periods; and

(5) if the insurer is not a life insurer, the dividends paid to stockholders excluding distributions of the insurer's own securities in the preceding two calendar years;

E. 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

F. 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.

Subp. 2. **Report of distributions.** Subject to Minnesota Statutes, section 60D.20, subdivision 2, each registered insurer shall report to the commissioner all dividends and other distributions to shareholders within 15 business days following the declaration of them, including the same information required by subpart 1, item D, subitems (4) and (5).

**Statutory Authority:** *MS s 45.023; 60D.07; 60D.23*

**History:** *17 SR 1272*

**2720.0600 ADEQUACY OF SURPLUS.**

The factors set forth under Minnesota Statutes, section 60D.20, subdivision 4, are not intended to be an exhaustive list. In determining the adequacy and reasonableness of an insurer's surplus no single factor shall be 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.

**Statutory Authority:** *MS s 45.023; 60D.07; 60D.23*

**History:** *17 SR 1272*

**ACQUISITION FILING STATEMENTS AND REGISTRATION STATEMENTS****2720.1100 FORMS.**

The forms described in parts 2720.9910 to 2720.9940 are intended to be guides in the preparation of the statements required by Minnesota Statutes, chapter 60D, and are not intended to be blank forms 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 to the reader the scope and coverage of the items without the necessity of referring to the text of the items or the instructions thereto. All instructions, whether appearing under the items of the form or elsewhere thereon, 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.

Two complete copies of each form or statement, including exhibits and all other papers and documents filed as a part of the form or the statement, shall be filed with the commissioner by personal delivery or mail addressed to the Commissioner of Commerce. A copy of form C, part 2720.9930, shall be filed in each state in which an insurer is authorized to do business if the commissioner of that state has notified the insurer of its request in writing, in which case, the insurer has 30 days from receipt of the notice to file the form. At least one of the copies shall be manually 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 such power of attorney or other authority shall be filed with the statement.

Statements should be prepared on paper 8-1/2 inches by 11 inches in size and preferably bound at the top or the top left-hand corner. Exhibits and financial statements, unless specifically prepared for the filing, may be submitted in their original size. All copies of any statement, financial statements, or exhibits shall be clear, easily readable, and suitable for photocopying. 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 normally shown in a foreign currency shall be converted into United States currency.

**Statutory Authority:** *MS s 45.023; 60D.07; 60D.23*

**History:** *L 1983 c 289 s 114 subd 1; L 1984 c 655 art 1 s 92; 17 SR 1272*

**2720.1200 INCORPORATIONS BY REFERENCE, SUMMARIES, AND OMISSIONS.**

Information required by any item of the forms described in parts 2720.9910 to 2720.9940 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 these forms, provided the document or paper is filed as an exhibit to the statement. Excerpts of documents may be filed as exhibits if the documents are extensive. Documents already on file with the commissioner which were filed within three years need not be attached as exhibits. References to information contained in exhibits or in documents already on file shall clearly identify the material, the date of filing, and shall specifically indicate that such material is to be incorporated by reference in the answer to the item. Information shall not be incorporated by reference in any case where the incorporation would render the statement incomplete, unclear, or confusing.

Where an item requires a summary or outline of the provisions of any document, only a brief statement shall be made as to the most important provisions of the document. In addition to such statement, the summary or outline may incorporate by reference particular parts of any exhibit or document on file with the commissioner and may be qualified in its entirety by such reference.

**Statutory Authority:** *MS s 45.023; 60D.07; 60D.23*

**History:** *17 SR 1272*

#### **2720.1300 INFORMATION UNKNOWN OR UNAVAILABLE.**

Subpart 1. **Conditions for omission.** Information required need be given only insofar as it is known or reasonably available to the person filing the statement. If any required information is unknown and not reasonably available to the person filing, either because the obtaining thereof would involve unreasonable effort or expense, or because it rests particularly within the knowledge of another person not affiliated with the person filing, the information may be omitted, subject to the following conditions:

A. the person filing shall give such information on the subject as it possesses or can acquire without unreasonable effort or expense, together with the sources thereof; and

B. the person filing shall include a statement either showing that unreasonable effort or expense would be involved or indicating the absence of any affiliation with the person within whose knowledge the information rests, and stating the result of a request made to such person for the information.

Subp. 2. **Extension of time.** If it is impractical to furnish any required information, document, or report at the time it is required to be filed, a separate document may be filed identifying the information, document, or report in question; stating why the filing at the time required is impractical; and requesting an extension of time to a specified date for filing the information, document, or report. The request for extension of time shall be deemed granted unless the commissioner, within 30 days after receipt of the request, enters an order denying the request for extension of time.

**Statutory Authority:** *MS s 45.023; 60D.07; 60D.23*

**History:** *17 SR 1272*

#### **2720.1400 ADDITIONAL INFORMATION AND EXHIBITS.**

In addition to the information expressly required to be included in the statements under parts 2720.9910 to 2720.9940, further material information shall be added as may be necessary to clarify and eliminate any misleading information in the documents filed. The person filing may also file exhibits in addition to those expressly required by the statement. Additional exhibits shall be marked to indicate clearly the subject matters to which they refer.

**Statutory Authority:** *MS s 45.023; 60D.07; 60D.23*

**History:** *17 SR 1272*

#### **2720.1500 AMENDMENTS.**

Any amendment to the forms or statements required under parts 2720.9910 to 2720.9940 must include on the top of the cover page the phrase: "Amendment No.

\_\_\_\_\_ to” and must indicate the date of the amendment and not the date of the original filing.

**Statutory Authority:** *MS s 45.023; 60D.07; 60D.23*

**History:** *17 SR 1272*

#### **2720.1600 ACQUISITION FILING STATEMENT.**

**Subpart 1. Statement required.** A person required to file a statement under Minnesota Statutes, section 60D.17, must furnish the information required by these rules, specifically including the information on form A, part 2720.9910.

**Subp. 2. Amendments.** The applicant must, within two business days of the change, advise the commissioner of any changes in the information furnished which occur after the date the information was furnished but before the commissioner’s disposition of the application.

**Subp. 3. Acquisition of other insurers.** If the person being acquired is deemed to be a “domestic insurer” solely because of Minnesota Statutes, section 60D.18, the name of the “domestic insurer” on the cover page should be indicated as follows: “ABC Insurance Company, a subsidiary of XYZ Holding Company”; and all references to “the insurer” contained in form A, part 2720.9910, shall refer to both the domestic subsidiary insurer and the person being acquired.

**Statutory Authority:** *MS s 45.023; 60D.07; 60D.23*

**History:** *17 SR 1272*

#### **2720.1700 ANNUAL REGISTRATION OF INSURERS; STATEMENT; FILING.**

**Subpart 1. Statement required.** An insurer required to file an annual registration statement pursuant to Minnesota Statutes, section 60D.19, and this chapter shall furnish the required information on form B, part 2720.9920.

**Subp. 2. Summary of registration.** An insurer required to file an annual registration statement pursuant to Minnesota Statutes, section 60D.19, is also required to furnish information required on form C, part 2720.9930. An insurer must file a completed copy of form C in each state in which the insurer is authorized to do business, if requested by the commissioner of that state.

**Subp. 3. Amendments.** An amendment to form B must be filed within 15 days after the end of any month in which the following occurs: there is a change in the control of the registrant, in which case the entire statement shall be made current; or there is a material change in the information provided in the annual registration statement.

Amendments shall be filed in the form B, part 2720.9920 format with only those items which are being amended reported. Each amendment shall include at the top of the cover page “Amendment No. \_\_\_\_\_ to Form B” and shall indicate the date of the change, not the date of the original filings.

**Subp. 4. Alternative and consolidated registrations.** Alternatives and consolidated registrations:

A. Any authorized insurer may file a registration statement on behalf of any affiliated insurer or insurers required to register under Minnesota Statutes, section 60D.19. A registration statement may include information not required by Minnesota Statutes, chapter 60D, 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 as prescribed in form B, part 2720.9920, the authorized insurer may file a copy of the registration statement or similar report that it is required to file in its state of domicile; provided the statement or report contains substantially similar information required to be furnished by part 2720.9920 and 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, part 2720.9920, on behalf of

an affiliated insurer shall set forth a simple statement of facts that 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 that could be done by an authorized insurer under item A.

D. Any insurer may take advantage of the provisions of Minnesota Statutes, section 60D.19, subdivision 8 or 9, without obtaining the prior approval of the commissioner. The commissioner, however, reserves the right to require individual filings if the commissioner considers the filings necessary in the interest of clarity, ease of administration, or the public good.

E. The state of entry of an alien insurer shall be deemed to be its domiciliary state for the purposes of Minnesota Statutes, section 60D.19.

**Statutory Authority:** *MS s 45.023; 60D.07; 60D.23*

**History:** *17 SR 1272*

### 2720.1800 EXEMPTIONS FROM FILING.

The provisions of the act, section 3, shall not apply in those situations described therein and in this part.

A. The registration and amendments required in the act, section 3, shall not be required for any insurance company domiciled in the state of Minnesota if and so long as that company and all insurance company affiliates in its insurance holding company system do not sell any insurance or otherwise provide insurance protection to any person outside of the insurance holding company system, and it does not hold itself out as willing or available to sell insurance or otherwise provide insurance protection to members of the general public.

B. The registration and amendments required in the act, section 3, shall not be required for any insurance company not domiciled in the state of Minnesota that is otherwise required to file a registration statement, if the insurance company is included in a filing as an affiliate of another insurance company that is exempt from the requirements of the act, section 3, by virtue of the fact that it must file a registration statement in another state under statutes and regulations which are substantially similar to the act and these rules. However, the commissioner may request a copy of the registration statement filed in another state.

**Statutory Authority:** *MS s 60D.07*

### 2720.1900 DISCLAIMERS AND TERMINATION OF REGISTRATION.

Subpart 1. **Information required.** 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:

A. the number of authorized, issued, and outstanding voting securities of the subject;

B. 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 that are held of record or known to be beneficially owned, and the number of such shares concerning which there is a right to acquire, directly or indirectly;

C. all material relationships and bases for affiliation between the subject and the person whose control is denied, and all affiliates of such person; and

D. a statement explaining why such person should not be considered to control the subject.

Subp. 2. **Automatic termination.** A request for termination of registration shall be deemed to have been granted unless the commissioner, within 30 days after receiving the request, notifies the registrant otherwise.

**Statutory Authority:** *MS s 60D.07*

**History:** *17 SR 1279*

# MINNESOTA RULES 2003

387

INSURANCE HOLDING COMPANY SYSTEMS 2720.9910

## 2720.2000 TRANSACTIONS SUBJECT TO PRIOR NOTICE.

An insurer required to give notice of a proposed transaction pursuant to Minnesota Statutes, section 60D.20, shall furnish the required information on form D, part 2720.9940.

**Statutory Authority:** *MS s 45.023; 60D.23*

**History:** *17 SR 1272*

## 2720.9910 FORM A; ACQUISITION FILING STATEMENT.

FORM A  
STATEMENT REGARDING THE  
ACQUISITION OF CONTROL OF A DOMESTIC INSURER

\_\_\_\_\_  
Name of Domestic Insurer

BY

\_\_\_\_\_  
Name of Acquiring Person (Applicant)  
Filed with the Minnesota Department of Commerce

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

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### ITEM 1. INSURER AND METHOD OF ACQUISITION

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

### ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) State the name and address of the applicant seeking to acquire control over the insurer.

(b) If the applicant is not an individual, state the nature of its business operations for the past five years or for 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 listing clearly presenting the identities of the interrelationships among the applicant and all affiliates of the applicant. No affiliate need be identified if its total assets are equal to less than one-half of one percent of the total assets of the ultimate controlling person affiliated with the applicant. Indicate in such chart or listing 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 ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g. -- corporation, trust, partnership) and the state or other jurisdiction of domicile. If court proceedings involving a reorganization or liquidation are pending

with respect to any 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**

State the following with respect to (1) the applicant if the applicant is an individual or (2) all persons who are directors, executive officers or owners of ten percent 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 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 the individual has been convicted of or is currently charged with any criminal offense other than minor traffic violations during the past ten years (if so, explain); whether the individual or any company for which the individual was then acting as an officer or director has been the subject of any inquiry or investigation by any state agency, administrative body, or law enforcement unit and the results of these proceedings (this includes inquiries or investigations which may have begun after the individual ceased acting as an officer or director but which pertain to the time period during which the individual was acting as an officer or director); and whether the individual has ever been a defendant in any lawsuit involving claims of fraud, misrepresentation, conversion, mismanagement of funds, breach of fiduciary duty, or breach of contract. If any of the provisions of this subdivision apply to the individual or company described in the filing, please give a detailed explanation, including dates, nature of the investigation or proceeding, names and location of courts, and penalties 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 to remain confidential, the applicant 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 such 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 OR 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 persons 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 such 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 12 calendar months preceding the filing of this statement. Include in such description the dates of purchase, the names of the purchasers, and the consideration paid or agreed to be paid therefor. State whether any such 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 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 and exhibits shall be attached to this statement as an appendix, but list under this item all 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 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 such information is available. Such statements may be prepared on either an individual basis, or, unless the Commissioner otherwise requires, on a consolidated basis if such 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

MINNESOTA RULES 2003

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 such 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 such state.

(c) File as exhibits copies of, or a statement fully describing, all tender offers for, requests or invitations for, tenders of, exchange orders for and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material relating thereto; and proposed employment, consultation, advisory or management contracts concerning the insurer; annual reports to the stockholders of the insurer and the applicant for the last two fiscal years; and any additional documents or papers required by form A or parts 2720.1100 and 2720.1300.

ITEM 13. SIGNATURE AND CERTIFICATION

Signature and certification of the following form:

SIGNATURE

Pursuant to the requirements of Minnesota Statutes, section 60D.17, and parts 2720.1100 and 2720.1600, subpart 1, \_\_\_\_\_(name of applicant) has caused this application to be duly signed on its behalf in the city of \_\_\_\_\_ and state of \_\_\_\_\_ (seal) on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_  
(name of applicant)

By \_\_\_\_\_  
(name) (title)

Attest:

\_\_\_\_\_  
(signature of officer)

\_\_\_\_\_  
(title)

CERTIFICATION

The undersigned deposes and says that the undersigned has duly executed the attached application dated \_\_\_\_\_, \_\_\_\_\_, for and on behalf of \_\_\_\_\_; that the undersigned is the \_\_\_\_\_of such company, and that the undersigned is authorized to execute and file such statement. Deponent further says that the deponent is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of the undersigned's knowledge, information, and belief.

Signature \_\_\_\_\_

Type or print name beneath \_\_\_\_\_

**Statutory Authority:** *MS s 45.023; 60D.07; 60D.23*  
**History:** *17 SR 1272; 17 SR 1279; L 1998 c 254 art 1 s 107*

**MINNESOTA RULES 2003**

391

**INSURANCE HOLDING COMPANY SYSTEMS 2720.9920**

**2720.9920 FORM B; ANNUAL REGISTRATION STATEMENT.**

**FORM B  
INSURANCE HOLDING COMPANY SYSTEM  
ANNUAL REGISTRATION STATEMENT**

Filed with the Insurance Department  
of the State of \_\_\_\_\_

**BY**

\_\_\_\_\_

Name of Registrant

On behalf of the Following Insurance Companies

Name

Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

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 listing clearly presenting the identities of and interrelationships among all affiliated persons within the insurance holding company system. No affiliate need be shown if its total assets are equal to less than one-quarter of one percent of the total assets of the ultimate controlling person within the insurance holding company system, or the affiliate has assets valued at \$250,000 or less. The chart or listing should show the percentage of each class of voting securities of each affiliate which is owned, directly or indirectly, by another affiliate. If control of any person within the system is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g. -- trust, partnership, corporation) 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 organization structure of the person, i.e., corporation, partnership, individual, or trust;
- (e) the principal business of the person;
- (f) the name and address of any person who holds or owns ten percent 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

Furnish the following information for the directors and executive officers of the ultimate controlling person: the individual's name and address; the principal occupation and all offices and positions held by this individual during the past five years; whether the individual has been convicted of or is currently charged with any criminal offense other than minor traffic violations during the past ten years (if so, explain); whether the individual or any company for which the individual was then acting as an officer or director has been the subject of any inquiry or investigation by any state agency, administrative body, or law enforcement unit and the results of these proceedings (this includes inquiries or investigations which may have begun after the individual ceased acting as an officer or director but which pertain to the time period during which the individual was acting as an officer or director); and whether the individual has ever been a defendant in any lawsuit involving claims of fraud, misrepresentation, conversion, mismanagement of funds, breach of fiduciary duty, or breach of contract. If any of the provisions of this subdivision apply to the individual or company described in the filing, please give a detailed explanation, including dates, nature of the investigation or proceeding, names and location of courts, and penalties imposed or other disposition of the case.

#### ITEM 5. TRANSACTIONS, RELATIONSHIPS, AND AGREEMENTS

- (a) Briefly describe the following agreements in force, relationships subsisting, and transactions currently outstanding or which have occurred during the last calendar year between the Registrant and its affiliates:
  - (1) loans, other investments, or purchases, sales or exchanges of securities of the affiliates by the Registrant or of the Registrant by its affiliates;
  - (2) purchases, sales, or exchanges of assets;
  - (3) transactions not in the ordinary course of business;
  - (4) guarantees or undertakings for the benefit of an affiliate which result in an actual contingent exposure of the Registrant's assets to liability, other than insurance contracts entered into in the ordinary course of the Registrant's business;
  - (5) all management and service contracts and all cost-sharing arrangements;
  - (6) reinsurance agreements;
  - (7) dividends and other distributions to shareholders;
  - (8) consolidated tax allocation agreements; and
  - (9) any pledge of the registrant's stock and/or of the stock of any subsidiary or controlling affiliate, for a loan made to any member of the insurance company holding system.

No information need be disclosed if the commissioner determines that such information is not material for purposes of Minnesota Statutes, section 60D.19. Sales, purchases, exchanges, loans, or extensions of credit, investments, or guarantees involv-

ing one-half of one percent or less of the registrant's admitted assets as of the preceding December 31 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 such transactions; and the relationship of the affiliated parties to the Registrant.

#### **ITEM 6. 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 such 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 7. 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 8. 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) 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 such consolidated statements are prepared in the usual course of business.

Unless the commissioner otherwise permits, the annual financial statements shall be accompanied by the certificate of an independent public accountant to the effect that such 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 such insurer filed with the insurance department 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 such state.

(c) Exhibits shall include copies of the latest annual reports to shareholders of the ultimate controlling person and proxy material used by the ultimate controlling person; and any additional documents or papers required by this part or part 2720.1100 or 2720.1300.

MINNESOTA RULES 2003

ITEM 9. FORM C REQUIRED

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

SIGNATURES

Signatures and certification of the form as follows:

SIGNATURE

Pursuant to the requirements of Minnesota Statutes, section 60D.19, and part 2720.1700, subpart 1, the Registrant has caused this registration statement to be duly signed on its behalf in the City of \_\_\_\_\_ and State of \_\_\_\_\_, on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

(SEAL)

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

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

Attest:

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

\_\_\_\_\_  
(Title)

CERTIFICATION

The undersigned deposes and says that the undersigned has duly executed the attached registration statement dated \_\_\_\_\_, \_\_\_\_\_, for and on behalf of \_\_\_\_\_ (Name of Company); that the undersigned is the \_\_\_\_\_ (Title of Officer) of such company, and that the undersigned has authority to execute and file such instrument. Deponent further says that the deponent is familiar with such instrument and that the facts therein set forth are true to the best of the undersigned's knowledge, information, and belief.

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

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

Statutory Authority: MS s 45.023; 60D.07; 60D.23

History: 17 SR 1272; L 1998 c 254 art 1 s 107

2720.9930 FORM C; REGISTRATION SUMMARY STATEMENT.

FORM C

SUMMARY OF REGISTRATION STATEMENT

Filed with the Insurance Department of the State of \_\_\_\_\_

By

\_\_\_\_\_

Name of Registrant

# MINNESOTA RULES 2003

395

INSURANCE HOLDING COMPANY SYSTEMS 2720.9930

On behalf of Following Insurance Companies

Name

Address

---

---

---

---

---

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

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 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 responsibilities with the ultimate controlling person; or 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 Minnesota Statutes, section 60D.19, the registrant has caused this summary of registration statement to be duly signed on its behalf in the City of \_\_\_\_\_ and State of \_\_\_\_\_, on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

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

MINNESOTA RULES 2003

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

Attest:

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

\_\_\_\_\_  
(Title)

CERTIFICATION

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

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

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

**Statutory Authority:** *MS s 45.023; 60D.23*

**History:** *17 SR 1272; L 1998 c 254 art 1 s 107*

**2720.9940 FORM D; TRANSACTION NOTICE.**

FORM D

PRIOR NOTICE OF A TRANSACTION

Filed with the Insurance Department of the State of \_\_\_\_\_

By

\_\_\_\_\_

Name of Registrant

On behalf of Following Insurance Companies

Name

Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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, or trust;
- (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; and
- (g) where the transaction is with a nonaffiliate, the names of the affiliates which will receive, in whole or in substantial part, the proceeds of the transaction.

**ITEM 2. DESCRIPTION OF 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 Minnesota Statutes, section 60D.20;
- (b) a statement of the nature of the transaction; and
- (c) 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 and consulting agreements. If the transaction involves other than cash, furnish a description of the consideration, its cost, and its fair market value, together with an explanation of the basis for 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 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 on 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 a nonlife insurer, the lesser of three percent of the insurer's admitted assets or 25 percent of surplus as regards policyholders, or (b) in the case of a life insurer, three percent of the insurer's admitted assets, each as of the preceding December 31.

**ITEM 4. LOANS OR EXTENSIONS OF CREDIT TO A NONAFFILIATE**

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 the basis for evaluation. Furnish a brief statement as to the effect of the transaction on 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 a nonlife insurer, the lesser of three percent of the insurer's admitted assets or 25 percent of surplus as regards policyholders or, with respect to life insurers, three percent of the insurer's admitted assets, each as of the preceding December 31.

#### ITEM 5. REINSURANCE

If the transaction is a reinsurance agreement or modification to the agreement, as described by Minnesota Statutes, section 60D.20, subdivision 1, paragraph (b), clause (3), 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 nonaffiliate 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 on the insurer's surplus.

No notice need be given for reinsurance agreements or modifications to the agreement if the reinsurance premium or a change in the insurer's liabilities in connection with the reinsurance agreement or modification to the agreement is less than five percent of the insurer's surplus as regards policyholders, as of the preceding December 31.

#### ITEM 6. MANAGEMENT AGREEMENTS, SERVICE AGREEMENTS, AND COST-SHARING ARRANGEMENTS

(a) For management and service agreements, furnish:

(1) a brief description of the managerial responsibilities, or services to be performed; and

(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; and

(4) a brief description of the accounting basis to be used in calculating each party's costs under the agreement.

#### ITEM 7. SIGNATURE AND CERTIFICATION

Signature and certification are required as follows:

##### SIGNATURE

Pursuant to Minnesota Statutes, section 60D.20, \_\_\_\_\_ (Applicant) has caused this notice to be duly signed on its behalf in the City of \_\_\_\_\_ and State of \_\_\_\_\_, on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

MINNESOTA RULES 2003

399

INSURANCE HOLDING COMPANY SYSTEMS 2720.9940

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

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

Attest:

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

\_\_\_\_\_  
(Title)

CERTIFICATION

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

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

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

**Statutory Authority:** *MS s 45.023; 60D.23*

**History:** *17 SR 1272; L 1998 c 254 art 1 s 107*