

REFERENCE TITLE: **insurance; liquidity; financial assessment**

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

## **HB 2006**

Introduced by  
Representative Livingston

### **AN ACT**

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

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

4 20-481. Definitions

5 In this article, unless the context otherwise requires:

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

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

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

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

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

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

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

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

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

8           (b) Nonprofit medical and hospital service associations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14           20-481.03. Contents of statement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 (f) Reinsurance agreements.

8 (g) Dividends and other distributions to shareholders.

9 (h) Consolidated tax allocation agreements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 20-481.11. Exemption for nonmaterial items

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

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

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

19 20-481.12. Standards

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

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

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

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

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

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

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

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

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

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

16 (a) All reinsurance pooling agreements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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