

Comments of the Independent Regulatory Review Commission



Insurance Department Regulation #11-252 (IRRC #3030)

Rules and Procedural Requirements for Insurance Holding Company Systems

December 12, 2013

We submit for your consideration the following comments on the proposed rulemaking published in the October 12, 2013 *Pennsylvania Bulletin*. Our comments are based on criteria in Section 5.2 of the Regulatory Review Act (71 P.S. § 745.5b). Section 5.1(a) of the Regulatory Review Act (71 P.S. § 745.5a(a)) directs the Insurance Department (Department) to respond to all comments received from us or any other source.

1. Section 25.12. Forms – General Requirements. – Need.

The Insurance Federation of Pennsylvania (IFP) commented that Subsection (c) should be amended “to delete the absolute confidentiality for personal financial statements of nonpublicly held ultimate controlling persons making Form A filings.” IFP does not believe this provision is consistent with Act 136 of 2012 (Act 136) and that there would remain sufficient protection in Subsection (c) to protect confidential information. We ask the Department to explain the need for this provision and how it is consistent with the statute.

2. Section 25.21. Transactions subject to prior notice – notice filing. – Clarity.

Leases involving a domestic insurer and any person in its holding company system

In its comments, IFP also asked for a clarification of Subsection (d) relating to leases between a domestic insurer and any person in its holding company system. IFP discusses a need to carefully categorize these leases because it will affect what information must be filed.

We recognize that the Department included in Subsection (d) language directly from Act 136 (e.g. – “management agreements, service contracts, tax allocation agreements, guarantees and cost-saving arrangements”). However, it appears from IFP’s comment that a clarification of Act 136 is needed for these leases. Therefore, we ask the Department to clarify in the regulation how to report a lease involving a domestic insurer and a person in its insurance holding company system.

NAIC Accounting Practices and Procedure Manual

Subparagraph (d)(2)(iii) states “. . . and compliance with the Accounting Practices and Procedures Manual.” We note that Form D, Item 6, C.(4) requires a statement regarding compliance with the “**NAIC** Accounting Practices and Procedure Manual.” Emphasis added. Should the acronym “NAIC” be added to Subparagraph (d)(2)(iii) to clarify what manual to comply with?