

VIRGINIA ACTS OF ASSEMBLY -- 2009 SESSION

CHAPTER 717

An Act to amend and reenact § 38.2-1329 of the Code of Virginia, relating to the regulation of insurance holding companies.

[S 1352]

Approved March 30, 2009

Be it enacted by the General Assembly of Virginia:

1. That § 38.2-1329 of the Code of Virginia is amended and reenacted as follows:

§ 38.2-1329. Registration of insurers that are members of holding company system.

A. Each insurer licensed to do business in this Commonwealth that is a member of an insurance holding company system shall register with the Commission. Any insurer subject to registration under this section shall register within fifteen days after it becomes subject to registration, unless the Commission extends the time for registration for good cause shown.

B. 1. This section shall not apply to:

a. Any foreign insurer subject to disclosure requirements and standards adopted by statute or regulation in the jurisdiction of its domicile that are substantially similar to those contained in this section; or

b. Any insurer, information, or transaction if and to the extent that the Commission exempts the same from this section.

2. Any licensed insurer that is a member of a holding company system but not subject to registration under this section may be required by the Commission to furnish a copy of the registration statement, or other information filed by the insurer, with the insurance regulatory authority of its domiciliary jurisdiction.

C. Each insurer subject to registration under this section shall file a registration statement on a form provided by the Commission. Such statement shall contain current information on:

1. The capital structure, general financial condition, ownership, and management of the insurer and any person controlling the insurer;

2. The identity of every member of the insurance holding company system;

3. The following agreements in force, continuing relationships and transactions currently outstanding between the insurer and its affiliates:

a. Loans, other investments, or purchases, sales or exchanges of securities of the affiliates by the insurer or of the insurer by its affiliates;

b. Purchases, sales, or exchanges of assets;

c. Transactions not in the ordinary course of business;

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

e. All management and service contracts and all cost-sharing arrangements; and

f. Reinsurance agreements or other risk-sharing arrangements;

4. Other matters relating to transactions between registered insurers and any affiliates which may be included from time to time in any registration forms adopted or approved by the Commission.

D. If information is not material for the purposes of this section, it need not be disclosed on the registration statement filed pursuant to subsection B of this section. Unless the Commission prescribes otherwise, information about transactions that are not material transactions shall not be deemed material for purposes of this section.

E. Each registered insurer shall report all additional material transactions with affiliates and any material changes in previously reported material transactions with affiliates on amendment forms provided by the Commission. Each insurer shall make its report within fifteen days after the end of the month in which it learns of each additional material transaction or material change in material transaction. Subject to § 38.2-1330.1, each insurer shall report to the Commission all dividends and other distributions to shareholders within five business days following their declaration thereof, and at least 30 days prior to payment thereof such declaration shall confer no rights upon shareholders until:

1. The Commission has approved the payment of such dividend or distribution; or

2. Thirty days after the Commission has received written notice of the declaration thereof and has not within such period disapproved such payment.

Each registered insurer shall also keep current the information required by subsection C of this section by filing an amendment to its registration statement within 120 days after the end of each fiscal year of the ultimate controlling person of the insurance holding company system.

F. The Commission shall terminate the registration of any insurer that demonstrates it no longer is a

member of an insurance holding company system.

G. The Commission may require or allow two or more affiliated insurers subject to registration under this section to file a consolidated registration statement or consolidated reports amending their consolidated registration statement or their individual registration statements.

H. The Commission may allow an insurer which is authorized to do business in this Commonwealth and which is part of an insurance holding company system, to register on behalf of any affiliated insurer required to register under subsection A of this section and to file all information and material required to be filed under this section.

I. Any person may file with the Commission a disclaimer of affiliation with any authorized insurer. The disclaimer shall fully disclose all material relationships and bases for affiliation between the person and the insurer as well as the basis for disclaiming the affiliation. After a disclaimer has been filed, the insurer shall be relieved of any registering or reporting requirements under this section that may arise out of the insurer's relationship with the person unless and until the Commission disallows the disclaimer. *Within 30 days after a disclaimer has been filed, with all of the information required by the Commission, the Commission shall notify the person filing the disclaimer of the allowance or disallowance of the disclaimer, and in the event of disallowance, the reasons therefore.* The Commission shall disallow the disclaimer only after giving all interested parties notice and opportunity to be heard. Any disallowance shall be supported by specific findings of fact.