



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

BULLETIN FS - 23  
January 22, 2010

TO: All Connecticut Domestic Insurers  
RE: Connecticut Form D Filing Requirements

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Section 38a-136 of the Connecticut General Statutes requires that certain transactions involving a domestic insurance company and any person in its holding company system may not be entered into unless the insurance company has notified the Insurance Commissioner in writing of its intention to enter into such transaction at least thirty days prior to the transaction, and the Commissioner either has approved or not disapproved it within such period. Section 38a-138-13 of the Regulations of Connecticut State Agencies requires that an insurer give notice of a proposed transaction pursuant to Section 38a-136, shall furnish the required information on a Form D.

Pursuant to the statute, the transactions requiring prior notice are:

(1) Sales, purchases, exchanges, loans or extensions of credit, guarantee or investments provided such transactions are equal to or exceed: (A) With respect to nonlife insurance companies, the lesser of three per cent of the insurance company's admitted assets or twenty-five per cent of surplus; or (B) with respect to life insurance companies, three per cent of the insurance company's admitted assets; each as of the thirty-first day of December next preceding;

(2) Loans or extensions of credit to any person who is not an affiliate, where the insurance company makes such loans or extensions of credit with the agreement or understanding that the proceeds of such transactions, in whole or in substantial part, are to be used to make loans or extensions of credit to, to purchase assets of, or to make investments in, any affiliate of the insurance company making such loans or extensions of credit, provided such transactions are equal to or exceed: (A) With respect to nonlife insurance companies, the lesser of three per cent of the insurance company's admitted assets or twenty-five per cent of surplus; or (B) with respect to life insurance companies, three per cent of the insurance company's admitted assets; each as of the thirty-first day of December next preceding;

(3) Reinsurance agreements or modifications thereto in which the reinsurance premium or a change in the insurance company's liabilities equals or exceeds five per cent of the insurance company's surplus, as of the thirty-first day of December next preceding, including those agreements which may require as consideration the transfer of assets from an insurance company to a nonaffiliate, if an agreement or understanding exists between the insurance company and nonaffiliate that any portion of such assets will be transferred to one or more affiliates of the insurance company;

(4) All material management agreements, service contracts and cost-sharing arrangements; and

(5) Any material transactions, specified by regulation, which the commissioner determines may adversely affect the interests of the insurance company's policyholders. Nothing contained in this section shall be deemed to authorize or permit any transactions which, in the case of an insurance company not a member of the same holding company system, would be otherwise contrary to law.

Questions have arisen with respect to the provisions of subsection 38a-136(b)(5) as to who determines what is material and what proposed transactions may adversely affect the interests of the insurance company's policyholders. It is the position of the Insurance Department that transactions including but not limited to non-cash contributions or distributions not contemplated under subsection 38a-136(f) involving a Connecticut domestic insurance company are considered to be material and thus requires the filing of a Form D with the Financial Regulation Division.

Questions have also arisen with respect to the provisions of subsections 38a-136(b)(4) in general, as to who determines what is material and what proposed transactions may adversely affect the interests of the insurance company's policyholders. It is the position of the Department that all management agreements, service contracts and cost-sharing arrangements involving a Connecticut domestic insurance company are presumed to be material and will require the filing of a Form D with the Department's Financial Regulation Division, except for: (1) agreements between an insurer and an affiliated broker/producer; (2) the addition or deletion of companies to an already approved agreement, contract or arrangement and (3) such other agreements, contracts and arrangements or amendments thereto as the Financial Regulation Division may exempt as not necessary for effective financial surveillance. Be reminded that exceptions are to be determined by the Department's Financial Regulation Division prior to the execution of the transaction or service.

The basis for this position is that absent the filing of the Form D or the determination of an exception by the Department, there is no prior opportunity for the Department to review the agreement or proposed transaction to make a determination as to whether the impact of the proposed transaction may adversely affect the interests of the insurance company's policyholders.

Please contact the Insurance Department's Financial Regulation Division, 860-297- 3814 or [ctinsdept.financial@ct.gov](mailto:ctinsdept.financial@ct.gov) with any questions about this bulletin.



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Thomas R. Sullivan  
Insurance Commissioner