

Form D application Prior notice of a transaction

Note: A separate application is required for each transaction.

Date _____

▶ Section 1: Applicant(s) information for Texas domestic or commercially domiciled insurer

Name _____

NAIC# _____

Address

Street address _____

City _____ State _____ ZIP _____

If there are multiple applicants for this transaction, provide each applicant's information on a separate page.

▶ Section 2: Contact information for correspondence about this application

Name _____

First name

Last name

Title _____

Address

Street address _____

City _____ State _____ ZIP _____

Phone _____ Email _____

▶ Section 3: Identify parties to the transaction

Name _____

Home office address

Street address _____

City _____ State _____ ZIP _____

Principal executive office address

Street address _____

City _____ State _____ ZIP _____

Organizational structure

Corporation Partnership Individual Trust Other

Nature of business operations

Relationship of the parties (owner, debtor, creditor, etc.)

 Attach additional parties' information on a separate page.

Identify any affiliate(s) receiving proceeds of the transaction if the transaction is with a non-affiliate

► Section 4: Description of the transaction

1. Specify the sections of Chapter 823 of the Texas Insurance Code under which the transaction is filed.

2. Brief description of the transaction.

3. Effective date of the transaction_____

4. Duration/term of the transaction (including extension or renewal terms)

5. Purpose of the transaction (including how the transaction relates to other holding company agreements on file and the business plan).

6. Explain how the transaction complies with the fair and reasonable standard of Texas Insurance Code Section 823.101.

📎 Attach evidence to support fairness, fair market value, and market rate, as applicable.

7. Demonstrate compliance with Texas Administrative Code Section 7.204(a)(2)(D) for Management/Service/CostSharing/Tax-Allocation/Rental/Lease Agreements.

📎 Attach TAC § 7.204(a)(2)(D) Checklist.

8. Explain the financial Impact of the transaction on the insurer.

📎 Attach spreadsheets to calculate payment amounts for two years and compare financial data before and after the transaction, including expenses, profitability, policyholder surplus, authorized control level risk-based capital, liquidity, quality of investment portfolio as applicable.

9. Demonstrate that the insurer will have adequate policyholder surplus to execute its business plan upon completion of the transaction.

📎 Attach projections for at least two years.

10. Demonstrate that the transaction complies with Statutory Accounting Principles published by the NAIC in the Accounting Practices and Procedures Manual.

11. Identify any unusual circumstances or risks associated with the transaction.

Complete sections 5, 6, 7, 8, and 9 as applicable. Provide complete answers on a separate page if necessary and identify the section and item number.

▶ Section 5: Sales, purchases, exchanges, loans, extensions of credit, guarantees or investments (including loans or extensions of credit to a non-affiliate for the purpose of loaning to or extending credit to an affiliate or purchasing assets of or investing in an affiliate)

1. Amount of the transaction (including maximum amount if applicable).

2. Form of the consideration (such as cash, securities, property, etc.). Include terms of any securities received.

3. Cost and fair market value of consideration other than cash. Include basis for evaluation of fairmarket value.

4. Source of funding for the transaction.

5. Provisions for accrual or deferral of interest.

► Section 6: Reinsurance agreements

1. Identify whether the reinsurance agreement contains any of the following risk features: (1) loss corridors; (2) loss ratio caps; (3) aggregate limits; (4) additional retention/deductibles; (5) experience refunds; (6) sliding scale commissions; (7) profit/loss sharing; (8) defined reinsurer margin; (9) profit guarantees; (10) incentives to commute business ceded; (11) features designed to delay the timing of reimbursement to the ceding company; and (12) any other risk or feature that reduces the reinsurer's losses.

2. Identify whether the reinsurance agreement allows for termination or recapture (1) automatically; (2) scheduled at a specific point in time; (3) upon the occurrence of some event; (4) at the option of the reinsurer; or (5) on a cut-off basis.

3. Identify whether the reinsurance agreement allows an unconditional or unilateral right of the reinsurer to commute the reinsurance contract.

4. Identify the reinsurance agreement provision providing for accounting and settlement on at least a quarterly basis.

5. If the reinsurance is with a reinsurer who does not qualify for full credit, describe the method of funding as security for the payment of obligations ceded under the reinsurance agreement. Are ceded obligations fully secured?

6. Explain whether the business ceded to the reinsurer will be retroceded by the reinsurer to any affiliate within the holding company structure. Provide a description of the retrocession if applicable.

► **Section 7: Management and service agreements**

1. List services provided.

2. Explain the compensation formula and demonstrate that it is reasonable in relation to the actual cost of the services provided.

► Section 8: Cost-sharing agreements

1. List each party's expenses covered by the agreement.

2. Explain the method of cost allocation and demonstrate compliance with Statutory Accounting Principles Published by the NAIC in the Accounting Practices and Procedures Manual.

► Section 9: Tax allocation agreements

1. Identify the provision in the agreement that complies with Texas Administrative Code Section 7.204(a)(2)(E).

2. Provide a statement confirming that the allocated tax liability for the Texas domestic (and/or commercially domiciled insurer) will not be greater than the tax liability it would have incurred if it had been filing separate returns for all years of the consolidation period and that the allocated refund will not be less than the tax refund it would have received if it had been filing separate returns for all years of the consolidation period.

► **Section 10: Exhibits. Check all exhibits attached**

- Copy of agreement/contract
- Evidence of fairness/fair market value/market rate
- Financial spreadsheets/projections
- New or updated business plan
- Other (please list) _____
- FIN585 - TAC § 7.204(a)(2)(D) Checklist (Required for management, service, cost sharing, tax allocation, rental or lease agreements)
- FIN586 - MGA contract checklist (Required for managing general agency agreements)
- FIN587 – TPA contract checklist (Required for third party administrator agreements)
- FIN588 – Custodial contract checklist (Required for agreements for custodial services)
- Evidence of proper licensing of insurance agency/third party administrator

Application must be signed and notarized

► **Section 11: Signature and certification**

► **Signature**

As required by Texas Insurance Code Chapter 823, the applicant has caused this Prior Notice of a Transaction Statement to be signed on its behalf in the City of _____ and State of _____ on _____ day of _____, 20_____.

Name of applicant _____

(Corporate seal)

By: Name /Title _____

Attest:

Signature of officer _____

Title _____

► **Certification**

The State of _____

County of _____

Before me, the undersigned authority, on this day personally appeared

known to me to be the _____

who, after being placed on his or her oath, stated that he or she has read the preceding application and that the answers, exhibits and attachments forming it are true and correct as to any factual statements contained.

Signature _____

Sworn to and subscribed before me on _____, 20_____

to certify which witness my hand and seal of office.

(Seal)

Notary public signature _____

Printed name _____