

TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION

Control 482 Department or Agency Department of Insurance*

Rule No. 482-1-055-.10

Rule Title: Acquisition of Control - Statement Filing..

New Amend Repeal Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? N/A*

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? N/A*

Is there another, less restrictive method of regulation available that could adequately protect the public? N/A*

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree? N/A*

Is the increase in costs, if any, more harmful to the public than the harm that might result from the absence of the proposed rule? N/A*

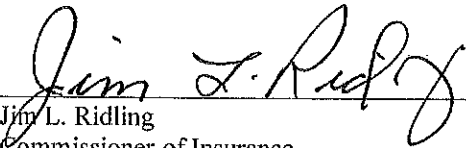
Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? N/A*

Does the proposed rule have an economic impact? N/A*

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Sections 27-2-17 and 27-7-43, Code of Alabama 1975, and that it complies with all applicable filing requirements of the Alabama Insurance Code.*

Signature of certifying officer 
Jim L. Ridling
Commissioner of Insurance

Date: April 20, 2018

*Note: *The Alabama Department of Insurance is exempt from the Alabama Administrative Procedures Act pursuant to Section 41-22-2(e), Code of Alabama 1975.*

Alabama Department of Insurance

NOTICE OF INTENDED ACTION

AGENCY NAME: Alabama Department of Insurance

RULE NO. & TITLE: Rule 482-1-055-.10: Acquisition of Control -
Statement Filing.

INTENDED ACTION: Amend rule.


SUBSTANCE OF PROPOSED ACTION: The Commissioner of Insurance is proposing to amend the regulation which provides the format of the statement (Form A) required to be filed regarding the acquisition of control of an insurer pursuant to Section 27-29-3. The amendments merely correct typographical errors in two administrative code references [one in the second sentence of Rule 482-1-055-.10 and the other in Form A, Item 12(c)]. The amendments will become effective June 24, 2018.

TIME, PLACE, MANNER OF PRESENTING VIEWS: Interested persons may submit data, views, or arguments in writing at any time prior to June 7, 2018, to the Alabama Department of Insurance, Attention: Legal Division, Post Office Box 303351, Montgomery, Alabama 36130-3351, or orally by appearing at the public hearing, Suite 502, RSA Tower, 201 Monroe Street, Montgomery, Alabama, beginning at 10:00 AM, on June 14, 2018.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:

June 7, 2018

CONTACT PERSON AT AGENCY: Reyn Norman
General Counsel



Jim L. Ridling
Commissioner of Insurance

1 **482-1-055-.10 Acquisition of Control - Statement Filing.** A
2 person required to file a statement pursuant to Section 27-29-
3 3 shall furnish the required information on Form A, hereby
4 made a part of this chapter. The person shall also furnish
5 the required information on Form E, hereby made a part of this
6 chapter and described in Rule ~~482-1-0440.12.1~~ 482-1-055-.12.1.

7 **Author:** Commissioner of Insurance

8 **Statutory Authority:** Code of Alabama 1975, §§ 27-2-17, 27-7-
9 43, 27-29-8

10 **History:** New December 20, 1973, effective January 1, 1974;
11 Revised July 5, 1994, effective July 15, 1994; Revised October
12 9, 2013, effective October 19, 2013; Revised August 12, 2015,
13 effective January 1, 2016; Revised June 14, 2018, effective
14 June 24, 2018

15

FORM A

STATEMENT REGARDING THE ACQUISITION OF CONTROL OF OR MERGER WITH A DOMESTIC INSURER

Name of Domestic Insurer

BY

Name of Acquiring Person (Applicant)

Filed with the ALABAMA DEPARTMENT OF INSURANCE.

Dated: _____, 20 _____

Name, Title, address and telephone number of individual to whom Notices and Correspondence concerning this Statement should be addressed:

Four horizontal lines for providing contact information.

ITEM 1. INSURER AND METHOD OF ACQUISITION

State the name and address of the domestic insurer to which this application relates and a brief description of how control is to be acquired.

1 **ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT**

2 (a) State the name and address of the applicant seeking
3 to acquire control over the insurer.

4 (b) If the applicant is not an individual, state the
5 nature of its business operations for the past 5 years or for
6 such lesser period as such person and any predecessors thereof
7 shall have been in existence. Briefly describe the business
8 intended to be done by the applicant and the applicant's
9 subsidiaries.

10 (c) Furnish a chart or listing clearly presenting the
11 identities of the interrelationships among the applicant and
12 all affiliates of the applicant. Indicate in such chart or
13 listing the percentage of voting securities of each such
14 person which is owned or controlled by the applicant or by any
15 other such person. If control of any person is maintained
16 other than by the ownership or control of voting securities,
17 indicate the basis of such control. As to each person
18 specified in such chart or listing indicate the type of
19 organization (e.g. corporation, trust, partnership) and the
20 state or other jurisdiction of domicile. If court proceedings
21 involving a reorganization or liquidation are pending with
22 respect to any such person, indicate which person, and set
23 forth the title of the court, nature of proceedings and the
24 date when commenced.

25 **ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED**
26 **WITH THE APPLICANT**

27 On the biographical affidavit, include a third party
28 background check, and state the following with respect to (1)
29 the applicant if (s)he is an individual or (2) ~~all persons who~~ ---
30 are directors, executive officers or owners of 5% or more of
31 the voting securities of the applicant if the applicant is not
32 an individual:

33 (a) Name and business address.

34 (b) Present principal business activity, occupation or
35 employment including position and office held and the name,
36 principal business and address of any corporation or other
37 organization in which such employment is carried on.

38 (c) Material occupations, positions, offices or
39 employment during the last 5 years, giving the starting and

1 ending dates of each and the name, principal business and
2 address of any business corporation or other organization in
3 which each such occupation, position, office or employment was
4 carried on; if any such occupation, position, office or
5 employment required licensing by or registration with any
6 federal, state or municipal governmental agency, indicate such
7 fact, the current status of such licensing or registration,
8 and an explanation of any surrender, revocation, suspension or
9 disciplinary proceedings in connection therewith.

10 (d) Whether or not such person has ever been convicted in
11 a criminal proceeding (excluding minor traffic violations)
12 during the last 10 years and, if so, give the date, nature of
13 conviction, name and location of court, and penalty imposed or
14 other disposition of the case.

15 **ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION**

16 (a) Describe the nature, source and amount of funds or
17 other considerations used or to be used in effecting the
18 merger or other acquisition of control. If any part of the
19 same is represented or is to be represented by funds or other
20 consideration borrowed or otherwise obtained for the purpose
21 of acquiring, holding or trading securities, furnish a
22 description of the transaction, the names of the parties
23 thereto, the relationship, if any, between the borrower and
24 the lender, the amounts borrowed or to be borrowed, and copies
25 of all agreements, promissory notes and security arrangements
26 relating thereto.

27 (b) Explain the criteria used in determining the nature
28 and amount of such consideration.

29 (c) If the source of the consideration is a loan made in
30 the lender's ordinary course of business and if the applicant
31 wishes the identity of the lender to remain confidential, he
32 must specifically request that the identity be kept
33 confidential.

34 **ITEM 5. FUTURE PLANS OF INSURER**

35 Describe any plans or proposals which the applicant may
36 have to declare an extraordinary dividend, to liquidate the
37 insurer, to sell its assets to or merge it with any person or

1 persons or to make any other material change in its business
2 operations or corporate structure or management.

3 **ITEM 6. VOTING SECURITIES TO BE ACQUIRED**

4 State the number of shares of the insurer's voting
5 securities which the applicant, its affiliates and any person
6 listed in Item 3 plan to acquire, and the terms of the offer,
7 request, invitation, agreement or acquisition, and a statement
8 as to the method by which the fairness of the proposal was
9 arrived at.

10 **ITEM 7. OWNERSHIP OF VOTING SECURITIES**

11 State the amount of each class of any voting security of
12 the insurer which is beneficially owned or concerning which
13 there is a right to acquire beneficial ownership by the
14 applicant, its affiliates or any person listed in Item 3.

15 **ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH**
16 **RESPECT TO VOTING SECURITIES OF THE INSURER**

17 Give a full description of any contracts, arrangements or
18 understandings with respect to any voting security of the
19 insurer in which the applicant, its affiliates or any person
20 listed in Item 3 is involved, including but not limited to
21 transfer of any of the securities, joint ventures, loan or
22 option arrangements, puts or calls, guarantees of loans,
23 guarantees against loss or guarantees of profits, division of
24 losses or profits, or the giving or withholding of proxies.
25 Such description shall identify the persons with whom the
26 contracts, arrangements or understandings have been entered
27 into.

28 **ITEM 9. RECENT PURCHASES OF VOTING SECURITIES**

29 Describe any purchases of any voting securities of the
30 insurer by the applicant, its affiliates or any person listed
31 in Item 3 during the 12 calendar months preceding the filing
32 of this statement. Include in the description the dates of
33 purchase, the names of the purchasers, and the consideration
34 paid or agreed to be paid therefor. State whether any shares
35 so purchased are hypothecated.

1 **ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE**

2 Describe any recommendations to purchase any voting
3 security of the insurer made by the applicant, its affiliates
4 or any person listed in Item 3, or by anyone based upon
5 interviews or at the suggestion of the applicant, its
6 affiliates or any person listed in Item 3 during the 12
7 calendar months preceding the filing of this statement.

8 **ITEM 11. AGREEMENTS WITH BROKER-DEALERS**

9 Describe the terms of any agreement, contract or
10 understanding made with any broker-dealer as to solicitation
11 of voting securities of the insurer for tender and the amount
12 of any fees, commissions or other compensation to be paid to
13 broker-dealers with regard thereto.

14 **ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS**

15 (a) Financial statements, exhibits, and three-year
16 financial projections of the insurer(s) shall be attached to
17 this statement as an appendix, but list under this item the
18 financial statements and exhibits so attached.

19 (b) The financial statements shall include the annual
20 financial statements of the persons identified in Item 2(c)
21 for the preceding 5 fiscal years (or for such lesser period as
22 such applicant and its affiliates and any predecessors thereof
23 shall have been in existence), and similar information
24 covering the period from the end of such person's last fiscal
25 year, if the information is available. The statements may be
26 prepared on either an individual basis, or, unless the
27 Commissioner otherwise requires, on a consolidated basis if
28 consolidated statements are prepared in the usual course of
29 business.

30 The annual financial statements of the applicant shall be
31 accompanied by the certificate of an independent public
32 accountant to the effect that such statements present fairly
33 the financial position of the applicant and the results of its
34 operations for the year then ended, in conformity with
35 generally accepted accounting principles or with requirements
36 of insurance or other accounting principles prescribed or
37 permitted under law. If the applicant is an insurer which is
38 actively engaged in the business of insurance, the financial

1 statements need not be certified, provided they are based on
2 the Annual Statement of the person filed with the insurance
3 department of the person's domiciliary state and are in
4 accordance with the requirements of insurance or other
5 accounting principles prescribed or permitted under the law
6 and regulations of the state.

7 (c) File as exhibits copies of all tender offers for,
8 requests or invitations for, tenders of, exchange offers for,
9 and agreements to acquire or exchange any voting securities of
10 the insurer and (if distributed) of additional soliciting
11 material relating thereto, any proposed employment,
12 consultation, advisory or management contracts concerning the
13 insurer, annual reports to the stockholders of the insurer and
14 the applicant for the last two fiscal years, and any
15 additional documents or papers required by Form A or Rules
16 482-1-055-.04 and ~~482-1-044-.06~~ 482-1-055-.06.

17 **ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK**
18 **MANAGEMENT**

19 Applicant agrees to provide, to the best of its knowledge
20 and belief, the information required by Form F within fifteen
21 (15) days after the end of the month in which the acquisition
22 of control occurs.

23 **ITEM 14. SIGNATURE AND CERTIFICATION**

24 Signature and certification required as follows:

25 SIGNATURE

26 Pursuant to the requirements of Section 27-29-3, Code of
27 Alabama 1975, _____ has
28 caused this application to be duly signed on its behalf in the
29 City of _____ and State of _____ on the
30 _____ day of _____, 20 ____.

31
32 (SEAL)

33 _____
34 Name of Applicant

35 BY _____
36 (Name) (Title)
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38 Attest:

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(Signature of Officer)

(Title)

CERTIFICATION

The undersigned deposes and says that (s)he has duly executed the attached application dated _____, 20_____, for and on behalf of _____ (Name of Applicant); that (s)he is the _____ (Title of Officer) of such company and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.

(Signature)

(Type or print name)