

Chapter Ins 41

DOMESTIC INSURERS REQUIRED TO DISCLOSE MATERIAL TRANSACTIONS

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Ins 41.01 Domestic insurers required to file reports of material transactions. (1) Domestic insurers shall file a report with the commissioner disclosing material acquisitions and dispositions of assets or material nonrenewals, cancellations or revisions of ceded reinsurance agreements unless such acquisitions and dispositions of assets or material nonrenewals, cancellations or revisions of ceded reinsurance agreements have been submitted to the commissioner for review, approval or information purposes pursuant to other provisions of chs. 600 to 645, Stats.

(2) The report required in sub. (1) is due within 15 days after the end of the calendar month in which any of the transactions which are required to be reported occur.

(3) A domestic insurer shall file a complete copy of any report required under this section, including any exhibits or other attachments, with the commissioner. A domestic insurer, other than an insurer organized under ch. 612, Stats., a health maintenance organization insurer, limited services health organization, or a gift annuity insurer, shall also file a copy of the report and attachments with the national association of insurance commissioners.

(4) All reports obtained by or disclosed to the commissioner under this chapter shall be given confidential treatment under s. 601.465, Stats., and shall not be subject to subpoena and shall not be made public by the commissioner, the national association of insurance commissioners, or any other person, except to insurance departments of other states unless the commissioner determines that the interest of policyholders, shareholders or the public will be served by the publication or release of the information, in which event the commissioner may publish or release all or any part of the information in the manner the commissioner determines is appropriate.

History: Cr. Register, December, 1995, No. 480, eff. 1-1-96.

Ins 41.05 Acquisitions and dispositions of assets.

(1) An acquisition or disposition of assets is not required to be reported under s. **Ins 41.01** if the acquisition or disposition is not material. For purposes of this chapter a material acquisition, or the aggregate of any series of related acquisitions during any 30-day period, or disposition, or the aggregate of any series of related dispositions during any 30-day period, is one that is nonrecurring and not in the ordinary course of business and involves more than 5% of the reporting insurer's total admitted assets as reported in its most recent statutory statement filed with the insurance department of the insurer's state of domicile.

(2) Asset acquisitions subject to this chapter include every purchase, lease, exchange, merger, consolidation, succession, or other acquisition other than the construction or development of real property by or for the reporting insurer or the acquisition of materials for this purpose.

(3) Asset dispositions subject to this chapter include every sale, lease, exchange, merger, consolidation, mortgage, hypothecation, assignment, whether for the benefit of creditors or otherwise, abandonment, destruction, or other disposition.

(4) The following information is required to be disclosed in any report of a material acquisition or disposition of assets under this chapter:

(a) Date of the transaction.
 (b) Manner of acquisition or disposition.
 (c) Description of the assets involved.
 (d) Nature and amount of the consideration given or received.
 (e) Purpose of, or reason for, the transaction.
 (f) Manner by which the amount of consideration was determined.
 (g) Gain or loss recognized or realized as a result of the transaction.
 (h) Name of the person from whom the assets were acquired or to whom they were disposed.

(5) Insurers are required to report material acquisitions and dispositions under this chapter on a nonconsolidated basis unless the insurer is part of a consolidated group of insurers which utilizes a pooling arrangement or 100% reinsurance agreement that affects the solvency and integrity of the insurer's reserves and the insurer ceded substantially all of its direct and assumed business to the pool. An insurer is deemed to have ceded substantially all of its direct and assumed business to a pool if the insurer has less than \$1,000,000 total direct plus assumed written premiums during a calendar year that are not subject to a pooling arrangement and the net income of the business not subject to the pooling arrangement represents less than 5% of the insurer's capital and surplus.

History: Cr. Register, December, 1995, No. 480, eff. 1-1-96.

Ins 41.10 Nonrenewals, cancellations or revisions of ceded reinsurance agreements. (1) MATERIALITY AND SCOPE. (a) No nonrenewals, cancellations or revisions of ceded reinsurance agreements need be reported under s. **Ins 41.01** if the nonrenewals, cancellations or revisions are not material. For purposes of this chapter, a material nonrenewal, cancellation or revision is one that affects:

1. For property and casualty business, including accident and health business written by a property and casualty insurer:
 a. More than 50% of an insurer's ceded written premium; or
 b. More than 50% of the insurer's total ceded indemnity and loss adjustment reserves.

2. For life, annuity and accident and health business, more than 50% of the total reserve credit taken for business ceded, on an annualized basis as indicated in the insurer's most recently filed statutory statement.

3. For either a property and casualty or life, annuity, and accident and health business, either of the following events shall constitute a material revision which shall be reported:

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Ins 41.10 Nonrenewals, cancellations or revisions of ceded reinsurance agreements. (1) MATERIALITY AND SCOPE. (a) No nonrenewals, cancellations or revisions of ceded reinsurance agreements need be reported under s. **Ins 41.01** if the nonrenewals, cancellations or revisions are not material. For purposes of this chapter, a material nonrenewal, cancellation or revision is one that affects:

1. For property and casualty business, including accident and health business written by a property and casualty insurer:
 a. More than 50% of an insurer's ceded written premium; or
 b. More than 50% of the insurer's total ceded indemnity and loss adjustment reserves.

2. For life, annuity and accident and health business, more than 50% of the total reserve credit taken for business ceded, on an annualized basis as indicated in the insurer's most recently filed statutory statement.

3. For either a property and casualty or life, annuity, and accident and health business, either of the following events shall constitute a material revision which shall be reported:

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a. An authorized reinsurer representing more than 10% of a total cession is replaced by one or more unauthorized reinsurers; or

b. Previously established collateral requirements have been reduced or waived as respects one or more unauthorized reinsurers representing collectively more than 10% of a total cession.

(b) No filing is required under this chapter if:

1. For property and casualty business, including accident and health business written by a property and casualty insurer the insurer's total ceded written premium represents, on an annualized basis, less than 10% of its total written premium for direct and assumed business; or

2. For life, annuity and accident and health business the total reserve credit taken for business ceded represents, on an annualized basis, less than 10% of the statutory reserve requirement prior to any cession.

(2) The following information is required to be disclosed in any report of a material nonrenewal, cancellation or revision of ceded reinsurance agreements:

(a) Effective date of the nonrenewal, cancellation or revision.

(b) The description of the transaction with an identification of the initiator of the transaction.

(c) Purpose of, or reason for, the transaction.

(d) If applicable, the identity of the replacement reinsurers.

(3) Insurers are required to report all material nonrenewals, cancellations or revisions of ceded reinsurance agreements on a nonconsolidated basis unless the insurer is part of a consolidated group of insurers which utilizes a pooling arrangement or 100% reinsurance agreement that affects the solvency and integrity of the insurer's reserves and the insurer ceded substantially all of its direct and assumed business to the pool. An insurer is deemed to have ceded substantially all of its direct and assumed business to a pool if the insurer has less than \$1,000,000 total direct plus assumed written premiums during a calendar year that are not subject to a pooling arrangement and the net income of the business not subject to the pooling arrangement represents less than 5% of the insurer's capital and surplus.

History: Cr. Register, December, 1995, No. 480, eff. 1-1-96.

Ins 41.90 Other requirements. This chapter is in addition to, and does not supersede or substitute for, other disclosure or filing requirements, including, but not limited to, s. 611.78, Stats., and ch. 617, Stats.

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