**Section 654.ILLUSTRATION A Form D-1**

FORM D-1

GENERAL INSTRUCTIONS

A. Signature and Certification

For purposes of filing the Form D-1, the signature and certification required by this Part shall be signed by an executive officer of the insurer requesting the Director's approval.

B. Copy of the Transaction Agreement

A copy of the proposed transaction agreement shall be attached to the Form D-1 filing as Exhibit A. If the agreement is in other than final form, it shall be so identified.

PRIOR NOTICE OF A TRANSACTION

Filed with the Insurance Department of the State of Illinois

By

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| --- |
|  |
| Name of Domestic Company |

On Behalf of the Following Insurance Companies:

|  |  |
| --- | --- |
| Name | Address |
|  | |
|  | |
|  | |
|  | |

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20 \_\_\_

Name, Title, Address and Telephone Number of Individual to Whom Notices and Correspondence Concerning this Request Should Be Addressed:

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Item 1. Identity of Parties to the Transaction

Furnish the following information for each of the parties to the transaction:

a) Name.

b) Home office address.

c) Principal executive office address.

d) The organizational structure, i.e. corporation, partnership, individual, trust, etc.

e) A description of the nature of the parties' business operations.

f) Relationship, if any, of other parties to the transaction to the insurer filing the notice, including any ownership or debtor/creditor interest by any other parties to the transaction in the insurer seeking approval, or by the insurer filing the notice in the affiliated parties.

g) When the transaction is with a non-affiliate, the names of the affiliates that will receive, in whole or in substantial part, the proceeds of the proposed transaction. For purposes of this subsection, "substantial part" means an amount that would trigger disclosure if given directly to the affiliate.

Item 2. Description of the Transaction

Furnish the following information for each transaction for which notice is being given:

a) A statement as to whether notice is being given under Section 131.20a(1)(a)(i), (ii), (iii), (iv), or (v) of the Illinois Insurance Code.

b) A brief description of the nature and purpose of the transaction.

c) A statement of how the transaction meets the "fair and reasonable" standard of Section 131.20(1)(a) of the Illinois Insurance Code; and

d) The proposed effective date of the transaction.

Item 3. Sales, Purchases, Exchanges, Loans, Extensions of Credit, Guarantees, or Investments

a) Furnish a brief description of the amount and source of funds, securities, property or other consideration for the sale, purchase, exchange, loan, extension of credit, guarantee, or investment, whether any provision exists for purchase by the insurer filing notice, by any party to the transaction, or by any affiliate of the insurer filing notice, a description of the terms of any securities being received, and a description of any other agreements relating to the transaction such as contracts or agreements for services, consulting agreements and the like. If the transaction involves other than cash, furnish a description of the consideration, its cost and its fair market value, together with an explanation of the basis for evaluation.

b) If the transaction involves a loan, extension of credit or guarantee, furnish a description of the maximum amount that the insurer will be obligated to make available under the loan, extension of credit or guarantee, the date on which the credit or guarantee will terminate, and any provisions for the accrual of or deferral of interest.

c) If borrowed funds are to be used by the insurer, identify the lender, any collateral requirements, interest due dates, interest rates, and principal payment due date.

d) If the transaction involves an investment, guarantee or other arrangement, state the time period during which the investment, guarantee or other arrangement will remain in effect, together with any provisions for extensions or renewals of those investments, guarantees or arrangements. Furnish a brief statement as to the effect of the transaction upon the insurer's surplus.

Item 4. Loans or Extensions of Credit to a Non-Affiliate

If the transaction involves a loan or extension of credit to any person who is not an affiliate, furnish a brief description of the agreement or understanding by which the proceeds of the proposed transaction, in whole or in substantial part, are to be used to make loans or extensions of credit to, to purchase the assets of, or to make investments in, any affiliate of the insurer making those loans or extensions of credit, and specify in what manner the proceeds are to be used to loan to, extend credit to, purchase assets of, or make investments in any affiliate. Describe the amount and source of funds, securities, property or other consideration for the loan or extension of credit and, if the transaction is one involving consideration other than cash, a description of its cost and its fair market value, together with an explanation of the basis for evaluation. Furnish a brief statement as to the effect of the transaction upon the insurer's surplus.

Item 5. Reinsurance

a) If the transaction is a reinsurance agreement or modification to that agreement, or a reinsurance pooling agreement or modification to that agreement, furnish a description of the known and/or estimated amount of liability to be ceded and/or assumed in each calendar year, the period of time during which the agreement will be in effect, and a description of any agreement or understanding that exists between the insurer and a non-affiliate to the effect that any portion of the assets constituting the consideration for the agreement will be transferred to one or more of the insurer's affiliates. Furnish a brief description of the consideration involved in the transaction, and a brief statement as to the effect of the transaction upon the insurer's surplus.

b) No notice need be given for reinsurance agreements or modifications to those agreements if the insurance premium or a change in the insurer's liabilities, or the projected reinsurance premium or change in the insurer's liabilities in any of the next three years, in connection with the reinsurance agreement or modification is less than 5% of the insurer's surplus as regards policyholders, as of the December 31 next preceding. Notice shall be given for all reinsurance pooling agreements, including modifications.

Item 6. Management Agreements, Service Agreements, Cost Sharing Arrangements and Tax Allocation Agreements

For management and service agreements, furnish:

a) a brief description of the managerial responsibilities or services to be performed; and

b) a brief description of the agreement, including a statement of its duration, together with brief descriptions of the basis for compensation and the terms under which payment or compensation is to be made.

For cost-sharing arrangements, furnish:

a) a brief description of the purpose of the agreement;

b) a description of the period of time during which the agreement is to be in effect;

c) a brief description of each party's expenses or costs covered by the agreement;

d) a brief description of the accounting basis to be used in calculating each party's cost under the agreement;

e) a brief statement as to the effect of the transaction upon the insurer's policyholder surplus;

f) a statement regarding the cost allocation methods that specifies whether proposed charges are based on "cost or market". If market based, include the rationale for using market instead of cost, including justification for the company's determination that amounts are fair and reasonable; and

g) a statement regarding compliance with the NAIC Accounting Practices and Procedure Manual pertaining to expense allocation.

For tax allocation agreements, furnish:

a) a description of the tax allocation method to be used; and

b) a statement regarding compliance with the NAIC Accounting Practices and

Procedure Manual regarding the tax allocation agreement.

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| Pursuant to the requirements of Section 131.20a of the Illinois Insurance Code, | | | | | | | | |  | | | |
| has caused this notice to be duly signed on its behalf in the City of | | | | | |  | | | | | and State | | |
| of |  | on the |  | day of |  | | , 20 |  | | . | |

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| --- | --- | --- |
|  | Name of Requesting Insurer | |
| By |  | |
|  | (Name) | (Title) |

Attest:

|  |
| --- |
| (Signature of Officer) |
| (Title) |

CERTIFICATION

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| The undersigned deposes and says that (s)he has duly executed the attached notice dated | | | | | | | | |
|  | , 20 |  | | , for and on behalf of |  | | ; that (s)he is the | |
|  |  | |  |  | | (Name of Insurer) | |  |
|  | | | of such company and that (s)he is authorized to execute and file such | | | | | |
| (Title of Officer) | | |  | | | | | |

instrument. Deponent further says that (s)he is familiar with such 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 beneath) |  |

(Source: Amended at 43 Ill. Reg. 373, effective December 21, 2018)