

1 **Rule 482-1-055-.18.2 Group Capital Calculation.**

2 (1) Where an insurance holding company system has
3 previously filed the annual group capital calculation at least
4 once, the lead state commissioner has the discretion to exempt
5 the ultimate controlling person from filing the annual group
6 capital calculation if the lead state commissioner makes a
7 determination based upon that filing that the insurance
8 holding company system meets all of the following criteria:

9 (a) Has annual direct written and unaffiliated assumed
10 premium (including international direct and assumed premium),
11 but excluding premiums reinsured with the Federal Crop
12 Insurance Corporation and Federal Flood Program, of less than
13 \$1,000,000,000.

14 (b) Has no insurers within its holding company structure
15 that are domiciled outside of the United States or one of its
16 territories.

17 (c) Has no banking, depository or other financial entity
18 that is subject to an identified regulatory capital framework
19 within its holding company structure.

20 (d) The holding company system attests that there are no
21 material changes in the transactions between insurers and non-

1 insurers in the group that have occurred since the last filing
2 of the annual group capital.

3 (e) The non-insurers within the holding company system do
4 not pose a material financial risk to the insurer's ability to
5 honor policyholder obligations.

6 (2) Where an insurance holding company system has
7 previously filed the annual group capital calculation at least
8 once, the lead state commissioner has the discretion to accept
9 in lieu of the group capital calculation a limited group
10 capital filing if the insurance holding company system has
11 annual direct written and unaffiliated assumed premium
12 (including international direct and assumed premium), but
13 excluding premiums reinsured with the Federal Crop Insurance
14 Corporation and Federal Flood Program, of less than
15 \$1,000,000,000; and all of the following additional criteria
16 are met:

17 (a) Has no insurers within its holding company structure
18 that are domiciled outside of the United States or one of its
19 territories.

20 (b) Does not include a banking, depository or other
21 financial entity that is subject to an identified regulatory
22 capital framework.

1 (c) The holding company system attests that there are no
2 material changes in transactions between insurers and non-
3 insurers in the group that have occurred since the last filing
4 of the report to the lead state commissioner and the non-
5 insurers within the holding company system do not pose a
6 material financial risk to the insurers ability to honor
7 policyholder obligations.

8 (3) For an insurance holding company that has previously
9 met an exemption with respect to the group capital calculation
10 pursuant paragraph (1) or (2), the lead state commissioner may
11 require at any time the ultimate controlling person to file an
12 annual group capital calculation, completed in accordance with
13 the NAIC Group Capital Calculation Instructions, if any of the
14 following criteria are met:

15 (a) Any insurer within the insurance holding company
16 system is in a Risk-Based Capital action level event as set
17 forth in Section 27-2B-4 or a similar standard for a non-U.S.
18 insurer.

19 (b) Any insurer within the insurance holding company
20 system meets one or more of the standards of an insurer deemed
21 to be in hazardous financial condition as set forth in Rule
22 482-1-101-.03.

1 (c) Any insurer within the insurance holding company
2 system otherwise exhibits qualities of a troubled insurer as
3 determined by the lead state commissioner based on unique
4 circumstances including, but not limited to, the type and
5 volume of business written, ownership and organizational
6 structure, federal agency requests, and international
7 supervisor requests.

8 (4) A non-U.S. jurisdiction is considered to "recognize
9 and accept" the group capital calculation if it satisfies both
10 of the following criteria:

11 (a) With respect to Section 27-29-4(1)(2)a4, it satisfies
12 either of the following:

13 1. The non-U.S. jurisdiction recognizes the U.S. state
14 regulatory approach to group supervision and group capital, by
15 providing confirmation by a competent regulatory authority, in
16 such jurisdiction, that insurers and insurance groups whose
17 lead state is accredited by the NAIC under the NAIC
18 Accreditation Program shall be subject only to worldwide
19 prudential insurance group supervision including worldwide
20 group governance, solvency and capital, and reporting, as
21 applicable, by the lead state and will not be subject to group
22 supervision, including worldwide group governance, solvency

1 and capital, and reporting, as applicable, by the lead state
2 and will not be subject to group supervision, including
3 worldwide group governance, solvency and capital, and
4 reporting, at the level of the worldwide parent undertaking of
5 the insurance or reinsurance group by the non-U.S.
6 jurisdiction.

7 2. Where no U.S. insurance groups operate in the non-
8 U.S. jurisdiction, that non-U.S. jurisdiction indicates
9 formally in writing to the lead state with a copy to the
10 International Association of Insurance Supervisors that the
11 group capital calculation is an acceptable international
12 capital standard. This will serve as the documentation
13 otherwise required in subparagraph 1.

14 (b) The non-U.S. jurisdiction provides confirmation by a
15 competent regulatory authority in such jurisdiction that
16 information regarding insurers and their parent, subsidiary,
17 or affiliated entities, if applicable, shall be provided to
18 the lead state commissioner in accordance with a memorandum of
19 understanding or similar document between the commissioner and
20 such jurisdiction, including but not limited to the
21 International Association of Insurance Supervisors
22 Multilateral Memorandum of Understanding or other multilateral

1 memoranda of understanding coordinated by the NAIC. The
2 commissioner shall determine, in consultation with the NAIC
3 Committee Process, if the requirements of the information
4 sharing agreements are in force.

5 (5) A list of non-U.S. jurisdictions that "recognize and
6 accept" the group capital calculation will be published
7 through the NAIC Committee Process:

8 (a) A list of jurisdictions that "recognize and accept"
9 the group capital calculation pursuant to Section 27-29-
10 4(1)(2)a4, is published through the NAIC Committee Process to
11 assist the lead state commissioner in determining which
12 insurers shall file an annual group capital calculation. The
13 list will clarify those situations in which a jurisdiction is
14 exempted from filing under Section 27-29-4(1)(2)a4 To assist
15 with a determination under Section 27-29-4(1)(2)b, the list
16 will also identify whether a jurisdiction that is exempted
17 under either Section 27-29-4(1)(2)a3 and Section 27-29-
18 4(1)(2)a4 requires a group capital filing for any U.S. based
19 insurance group's operations in that non-U.S. jurisdiction.

20 (b) For a non-U.S. jurisdiction where no U.S. insurance
21 groups operate, the confirmation provided to meet the
22 requirement of subparagraph (4)a2 will serve as support for

1 recommendation to be published as a jurisdiction that
2 "recognizes and accepts" the group capital calculation through
3 the NAIC Committee Process.

4 (c) If the lead state commissioner makes a determination
5 pursuant to Section 27-29-4(1)(2)a4 that differs from the NAIC
6 List, the lead state commissioner shall provide thoroughly
7 documented justification to the NAIC and other states.

8 (d) Upon determination by the lead state commissioner
9 that a non-U.S. jurisdiction no longer meets one or more of
10 the requirements to "recognize and accept" the group capital
11 calculation, the lead state commissioner may provide a
12 recommendation to the NAIC that the non-U.S. jurisdiction be
13 removed from the list of jurisdictions that "recognize and
14 accepts" the group capital calculation.

15 Author: Commissioner of Insurance
16 Statutory Authority: Ala. Code §§ 27-2-17 & 27-29-4
17 History: New _____, 2026, Effective _____, 2026