

**SUBCHAPTER B. INSURANCE HOLDING COMPANY SYSTEMS**  
**28 TEX. ADMIN. CODE §§7.211 - 7.213**

**1. INTRODUCTION.** The Texas Department of Insurance adopts the repeal of 28 Texas Administrative Code §§7.211 - 7.213, concerning Form C, Disclaimer of Control or Affiliation filed with TDI; Form D, Notice of Declaration of Extraordinary Dividend; and Form E, Statement Regarding the Exemption from Approval of the Acquisition of Control of a Domestic Insurer, respectively. The repeal is adopted without changes to the proposal published in the December 28, 2012, issue of the *Texas Register* (37 TexReg 10121).

**2. REASONED JUSTIFICATION.** The repeal of §§7.211 - 7.213 is necessary to implement statutory changes from SB 1283 and SB 1284 (79th Legislature, 2005), SB 1542 (80th Legislature, 2007), and SB 1431 (82nd Legislature, 2011); adopt rules consistent with the National Association of Insurance Commissioners (NAIC) model regulation forms, as applicable; and delete obsolete forms. In addition, the repeal permits the simultaneous adoption of new §§7.211 - 7.213 concerning Form C, Summary of Material Changes to a Registration Statement; Form D, Prior Notice of a Transaction; and Form E, Notice of Ordinary and Extraordinary Dividends and Other Distributions. The content contained in Forms C and D is relocated within the holding company rules while the content in Form E is obsolete. As a result, the repealed sections are no longer necessary. In conjunction with the adopted repeal, the adoption of new §§7.211 - 7.213 is also published in this issue of the *Texas Register*.

**3. HOW THE SECTIONS WILL FUNCTION.** The adoption of the repeal will result in the removal of obsolete forms and the relocation of form content to other sections of the holding company rules and permit the adoption of new §§7.211 - 7.213. TDI adopts the repeal of §7.211, Form C, concerning disclaimer filings. The disclaimer content is relocated in narrative format in adopted §7.203(m), to be consistent with NAIC disclaimer language, and is published in this issue of the *Texas Register*. The repeal is necessary to adopt NAIC model Form C, Summary of Material Changes to a Registration Statement, and implement statutory changes from Insurance Code §823.055. TDI adopts the repeal of §7.212, Form D, concerning Notice of Declaration of Extraordinary Dividend, and relocates the information to adopted §7.213, Form E, Notice of Ordinary and Extraordinary Dividends and Distributions. The repeal is necessary to adopt NAIC model Form D, Prior Notice of a Transaction, and implement statutory changes from Insurance Code §§823.101, 823.102, and 823.103. TDI adopts the repeal of §7.213, Form E, concerning the Exemption from Approval of the Acquisition of Control of a Domestic Insurer, because the exemption form is obsolete. The exemption remains pursuant to Insurance Code §823.164 and the entity files an exemption by letter instead. Adopted §7.213, Form E, includes Notice of Ordinary and Extraordinary Dividends and Other Distributions, which incorporates ordinary dividends from the HCDividend form on the TDI website and extraordinary dividends from Form D.

**4. SUMMARY OF COMMENTS.** The department did not receive any comments on the proposed repeal.

**5. STATUTORY AUTHORITY.** The repeal is adopted pursuant to Insurance Code §§823.012 (a), 823.055 (c), 823.059 (c), 823.101 (b-1), 823.103 (a)(4), 823.154 (a)(3), 843.051(g), 36.001, and 36.004. Article 823.012 (a) provides that the commissioner may, after notice and opportunity for all interested persons to be heard, adopt rules and issue orders to implement this chapter, including the conducting of business and proceedings under this chapter. Section 823.055 (c) provides that an insurer required to file an annual registration statement shall also furnish a summary of material changes from the prior year's annual registration statement as specified by the commissioner by rule. Section 823.059 (c) provides that the commissioner, by rule or order, may exempt an insurer, information, or a transaction from the application of this subchapter. Section 823.101 (b-1) provides that an agreement, including an agreement for cost sharing, services, or management, must include all provisions required by rule of the commissioner. Section 823.103 (a)(4) applies only to any material transaction between a domestic insurer and any person in the insurer's holding company system that is specified by rule and that the commissioner determines may adversely affect the interests of the insurer's policyholders or of the public, including an amendment or modification of an agreement previously filed under this section. Section 823.154 (a)(3) provides that if the person is initiating a divestiture of control, the divesting person shall file with the commissioner a notice of divestiture on a form adopted by the NAIC or

adopted by the commissioner by rule. Section 843.051 (g) provides that the commissioner may adopt rules as necessary to implement this subsection in a way that reflects the nature of HMOs, health care plans, or evidences of coverage. Section 36.001 provides that the commissioner may adopt any rules necessary and appropriate to implement the powers and duties of the Texas Department of Insurance under the Insurance Code and other laws of this state. Section 36.004 provides that except as provided by Section 36.005, the department may not require an insurer to comply with a rule, regulation, directive, or standard adopted by the NAIC, including a rule, regulation, directive, or standard relating to policy reserves, unless application of the rule, regulation, directive, or standard is expressly authorized by statute and approved by the commissioner.

## **6. TEXT.**

### **§7.211. Form C.**

### **§7.212. Form D.**

### **§7.213. Form E.**

**CERTIFICATION.** This agency certifies that legal counsel has reviewed the adopted repeal and found it to be a valid exercise of the agency's legal authority.

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TITLE 28. INSURANCE  
Part I. Texas Department of Insurance  
Chapter 7. Corporate and Financial Regulation

Adopted Sections  
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Issued at Austin, Texas, on May 2, 2013.



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The commissioner adopts the repeal of §§7.211 - 7.213.



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Eleanor Kitzman  
Commissioner of Insurance

COMMISSIONER'S ORDER NO. 2479