APA-1

TRANSMITTAL SHEET FOR NOTICE OF INTENDED ACTION

Control: 482

Department or Agency: Alabama Department of Insurance

Rule No.: 482-1-055-.18.2

Rule Title: Group Capital Calculations

Intended Action: New

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety?	No
Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare?	No
Is there another, less restrictive method of regulation available that could adequately protect the public?	No
Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved?	No

To what degree?: N/A

Is the increase in cost more harmful to the public than the harm that might result from the absence of the proposed rule?	NA
Are all facets of the rule-making process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public?	No
Does the proposed action relate to or affect in any manner any litigation which the agency is a party to concerning the subject matter of the proposed rule?	No

Does the proposed rule have an economic impact? No

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 Chapter 22, Title 41, Code of Alabama 1975, and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Services Agency.

Signature of certifying officer: Reyn Norman

Reyn Norman

Date: Thursday, December 18, 2025

REC'D & FILED

DEC 19, 2025

LEGISLATIVE SVC AGENCY

APA-2

ALABAMA DEPARTMENT OF INSURANCE

NOTICE OF INTENDED ACTION

AGENCY NAME: Alabama Department of Insurance

RULE NO. & TITLE: 482-1-055-.18.2 Group Capital Calculations

INTENDED ACTION: New

SUBSTANCE OF PROPOSED ACTION:
The Commissioner of Insurance is proposing to adopt the Group Capital Calculation provisions of the model Insurance holding company regulation developed by the National Association of Insurance Commissioners.

TIME, PLACE AND MANNER OF PRESENTING VIEWS:
Alabama Department of Insurance, Suite 502, RSA Towser, 201 Monroe Street, Montgomery, Alabama, on February 4, 2026.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:
Wednesday, February 4, 2026

CONTACT PERSON AT AGENCY:
Reyn Norman, General Counsel

Reyn Norman

Reyn Norman

(Signature of officer authorized
to promulgate and adopt
rules or his or her deputy)

482-1-055-.18.2 Group Capital Calculations.

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

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

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

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

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

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

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

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

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

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

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

(c) The holding company system attests that there are no material changes in transactions between insurers and non-insurers in the group that have occurred since the last filing of

the report to the lead state commissioner and the non-insurers within the holding company system do not pose a material financial risk to the insurers ability to honor policyholder obligations.

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

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

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

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

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

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

1. The non-U.S. jurisdiction recognizes the U.S. state regulatory approach to group supervision and group capital, by providing confirmation by a competent regulatory authority, in such jurisdiction, that insurers and insurance groups whose lead state is accredited by the NAIC under the NAIC Accreditation Program shall be subject only to worldwide prudential insurance group supervision including worldwide group governance, solvency and capital, and reporting, as applicable, by the lead state and will not be subject to group supervision, including worldwide group governance, solvency and capital, and reporting, as applicable, by the lead state and will not be subject to group supervision, including worldwide group governance, solvency and capital, and reporting, at the level of the worldwide parent undertaking of the insurance or reinsurance group by the non-U.S. jurisdiction.

2. Where no U.S. insurance groups operate in the non-U.S. jurisdiction, that non-U.S. jurisdiction indicates formally in writing to the lead state with a copy to the International Association of Insurance Supervisors that the group capital calculation is an acceptable international capital standard.

This will serve as the documentation otherwise required in subparagraph 1.

(b) The non-U.S. jurisdiction provides confirmation by a competent regulatory authority in such jurisdiction that information regarding insurers and their parent, subsidiary, or affiliated entities, if applicable, shall be provided to the lead state commissioner in accordance with a memorandum of understanding or similar document between the commissioner and such jurisdiction, including but not limited to the International Association of Insurance Supervisors Multilateral Memorandum of Understanding or other multilateral memoranda of understanding coordinated by the NAIC. The commissioner shall determine, in consultation with the NAIC Committee Process, if the requirements of the information sharing agreements are in force.

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

(a) A list of jurisdictions that "recognize and accept" the group capital calculation pursuant to Section 27-29-4(l)(2)a4, is published through the NAIC Committee Process to assist the lead state commissioner in determining which insurers shall file an annual group capital calculation. The list will clarify those situations in which a jurisdiction is exempted from filing under Section 27-29-4(l)(2)a4 To assist with a determination under Section 27-29-4(l)(2)b, the list will also identify whether a

jurisdiction that is exempted under either Section 27-29-4(l)(2)a3 and Section 27-29-4(l)(2)a4 requires a group capital filing for any U.S. based insurance group's operations in that non-U.S. jurisdiction.

(b) For a non-U.S. jurisdiction where no U.S. insurance groups operate, the confirmation provided to meet the requirement of subparagraph (4)a2 will serve as support for recommendation to be published as a jurisdiction that "recognizes and accepts" the group capital calculation through the NAIC Committee Process.

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

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

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

Author: Commissioner of Insurance
Statutory Authority: Ala. Code §§ 27-2-17 & 27=29-4

History: New Rule: Published ; effective .