



Illinois Department of Insurance

JB PRITZKER
Governor

DANA POPISH SEVERINGHAUS
Director

TO: All Domestic Insurers

FROM: Dana Popish Severinghaus, Director *dps*

DATE: March 31, 2022

RE: Company Bulletin 2022-04 Group Capital Calculation (GCC) Filing

Public Act 102-578, effective July 1, 2022¹ adds Section 131.14b(b) to the Illinois Insurance Code (215 ILCS 5/131.14b(b)) requiring insurance groups to annually file a Group Capital Calculation (GCC) in accordance with the National Association of Insurance Commissioners (NAIC) Group Capital Calculation Instructions. The associated regulation is currently in process.²

The law applies to the ultimate controlling person of every insurer subject to registration with some exceptions noted in the law. Exemptions include:

- (1) an insurance holding company system that has only one insurer within its holding company structure, that only writes business and is only licensed in Illinois, and that assumes no business from any other insurer;
- (2) an insurance holding company system that is required to perform a group capital calculation specified by the United States Federal Reserve Board; the lead state commissioner shall request the calculation from the Federal Reserve Board under the terms of information sharing agreements in effect; if the Federal Reserve Board cannot share the calculation with the lead state commissioner, the insurance holding company system is not exempt from the group capital calculation filing;
- (3) an insurance holding company system whose non-U.S. group-wide supervisor is located within a reciprocal jurisdiction as described in paragraph (C-10) of subsection (1) of Section 173.1³ that recognizes the U.S. state regulatory approach to group supervision and group capital; and
- (4) an insurance holding company system:
 - (i) that provides information to the lead state that meets the requirements for accreditation under the NAIC financial standards and accreditation program, either directly or indirectly through the group-wide supervisor, who has determined such information is satisfactory to allow the lead state to comply with the NAIC group supervision approach, as detailed in the NAIC Financial Analysis Handbook; and

¹ See Section 5 of Public Act 102-672 regarding the effective date of Public Act 102-578.

² See 46 Ill. Reg. 2,398 (February 14, 2022).

³ Public Act 102-578 effective July 1, 2022.

(ii) whose non-U.S. group-wide supervisor that is not in a reciprocal jurisdiction recognizes and accepts, as specified by the commissioner in regulation, the group capital calculation as the world-wide group capital assessment for U.S. insurance groups who operate in that jurisdiction.

(5) Notwithstanding the provisions of paragraphs (3) and (4) above, a lead state commissioner shall require the group capital calculation for U.S. operations of any non-U.S. based insurance holding company system where, after any necessary consultation with other supervisors or officials, it is deemed appropriate by the lead state commissioner for prudential oversight and solvency monitoring purposes or for ensuring the competitiveness of the insurance marketplace.

The GCC filing should be filed with the lead state commissioner of the insurance holding company system as determined by the commissioner in accordance with the procedures within the Financial Analysis Handbook adopted by the NAIC. All insurance groups not qualifying for an exemption outlined in the law will be required to file a GCC in the first year.

The first GCC filing is due to the Illinois Department of Insurance by May 1, 2023. The Department encourages insurers to review the NAIC Group Capital Calculation Instructions and Template and reach out to the Department with questions. The NAIC Group Capital Calculation Instructions and Template can be accessed on the NAIC website: [Group Capital Calculation \(E\) Working Group \(naic.org\)](https://www.naic.org/group-capital-calculation-(e)-working-group-naic.org).

The filing and questions should be directed to Susan Berry at susan.berry@illinois.gov or 320 W. Washington St., Springfield, IL 62767. The filing should not be submitted via SERFF.