



Management Agreement Supplement Instructions

Pursuant to North Carolina General Statute ("N.C.G.S.") 58-34-10(d), every domestic insurer that has a management contract or custodial agreement, including affiliated management contracts and custodial agreements subject to N.C.G.S. 58-19-30(b)(4), shall file a statement on or before March 1 of each year, for the preceding calendar year, disclosing:

- (i) total charges incurred by the insurer under the contract;
- (ii) any salaries, commissions, or other valuable consideration paid by the insurer directly to any officer, director, or shareholder of the management or custodian firm; and
- (iii) other information concerning the contract or the management or custodian firm as may be included from time to time in any registration forms adopted or approved by the Commissioner.

To fulfill these requirements, domestic insurers are required to complete the **Management Agreement Supplement** using the form provided by the North Carolina Department of Insurance (the "Department"). Guidance concerning the proper completion of the **Management Agreement Supplement** is as follows:

The Management Agreement Supplement is to be completed on an individual insurer basis and is not to be completed on a group basis.

- Item 1: The insurer must include in the table all unaffiliated management and custodial agreements that are subject to disclosure pursuant to N.C.G.S. 58-34-10. Information to be included in the table, by agreement, is as follows:
1. Service provider name.
 2. Name of the agreement.
 3. The effective date of the agreement.
 4. Total charges incurred as of the preceding year ended December 31.
 5. Whether the agreement remains active as of the preceding year ended December 31.
 6. Whether the service provider is a related party.
 7. Whether the agreement is considered material to the insurer's operations.
 8. Whether the agreement has been approved by the Department.
- Item 2: The insurer must include in the table all affiliated management and custodial agreements that are subject to disclosure pursuant to N.C.G.S. 58-34-10 and N.C.G.S. 58-19-30(b)(4). Information to be included in the table, by agreement, is as follows:
1. Service provider name.
 2. Name of the agreement.
 3. The effective date of the agreement.
 4. Total charges incurred as of the preceding year ended December 31.
 5. Whether the agreement remains active as of the preceding year ended December 31.
 6. Whether the agreement is considered material to the insurer's operations.
 7. Whether the agreement has been approved by the Department.
- Item 3: Choose the appropriate response to Item 3. The response that is not applicable to the insurer should be removed from the insurer's **Management Agreement Supplement** submission.

All Disclosed Agreements on File with the Department

If all agreements as disclosed in Item 1 and Item 2 have been previously filed with the Department pursuant to N.C.G.S. 58-34-10 and/or N.C.G.S. 58-19-30(b)(4), the insurer will use the first statement outlined in the **Management Agreement Supplement** for Item 3, which is as follows: "[COMPANY NAME] has previously filed all agreements disclosed in the above tables

with the Department pursuant to North Carolina General Statute 58-34-10 and/or 58-19-30(b)(4).”

Disclosed Agreements include New or Amended Agreements

If the insurer has disclosed agreements in Item 1 and/or Item 2 that have not been previously filed with the Department pursuant to N.C.G.S. 58-34-10 and/or N.C.G.S. 58-19-30(b)(4), the insurer will use the second statement outlined in the **Management Agreement Supplement** for Item 3, which is as follows: “[COMPANY NAME] is disclosing new or amended agreements in the above tables, which have not yet been filed with the Department pursuant to North Carolina General Statute 58-34-10 and/or 58-19-30(b)(4). Copies of these new or amended agreements, as outlined in the attached schedule, are being filed at this time pursuant to North Carolina General Statute 58-34-10 and/or 58-19-30(b)(4).” A detailed schedule of new or amended agreements would need to be attached to the **Management Agreement Supplement**, along with copies of the new or amended agreements.

Item 4: As it relates to unaffiliated service providers, choose the appropriate response to Item 4. The response that is not applicable to the insurer should be removed from the insurer’s **Management Agreement Supplement** submission.

Did Not Pay Salaries, Commissions, or Other Valuable Consideration to Service Provider Officer, Director, or Shareholder

Pursuant to N.C.G.S. 58-34-10(d)(ii), if the insurer did not pay any salaries, commissions, or other valuable consideration directly to any officer, director, or shareholder of an unaffiliated service provider, the insurer will use the first statement outlined in the **Management Agreement Supplement** for Item 4, which is as follows: “[COMPANY NAME] paid no salaries, commissions, or other valuable consideration directly to any officer, director, or shareholder of any of the unaffiliated service providers as listed above.”

Paid Salaries, Commissions, or Other Valuable Consideration to Service Provider Officer, Director, or Shareholder

Pursuant to N.C.G.S. 58-34-10(d)(ii), if the insurer did pay any salaries, commissions, or other valuable consideration directly to an officer, director, or shareholder of an unaffiliated service provider, the insurer will use the second statement outlined in the **Management Agreement Supplement** for Item 4, which is as follows: “[Company Name] has paid salaries, commissions, or other valuable consideration directly to an officer, director, or shareholder of an unaffiliated service provider as listed above as detailed in the following table.” The insurer will also complete the associated table for Item 4.

Information to be included in the table for Item 4 is as follows:

1. Service provider name.
2. Officer, director, or shareholder name.
3. Total salaries paid to the particular officer, director, or shareholder.
4. Total commissions paid to the particular officer, director, or shareholder.
5. Total other valuable consideration paid to the particular officer, director, or shareholder.
6. If the salaries, commissions, or other valuable consideration paid, as reported in columns 3 through 5, are directly associated with services provided under a disclosed agreement, include the name of the agreement in column 6.