

TITLE 16

DEPARTMENT OF REGULATORY AGENCIES

CHAPTER 1

PROXIES, CONSENTS, AND AUTHORIZATIONS OF  
DOMESTIC STOCK INSURERS

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Historical Note: Chapter 1 of Title 16, Administrative Rules, is based substantially upon Chapter 1, Title V, Department of Regulatory Agencies. [Eff 7/1/66; R 6/22/81]

§16-1-1 Application of rules. This chapter is applicable to all domestic stock insurers having one hundred or more stockholders; provided that this chapter shall not apply to any insurer if ninety-five per cent or more of its stock is owned or controlled by a parent or an affiliated insurer and the remaining shares are held by less than five hundred stockholders. A domestic stock insurer which files with the Securities and Exchange Commission forms of proxies, consents, and authorizations complying with the requirements of the Securities Exchange Act of 1934 (15 U.S.C. 78a) and the Securities and Exchange Acts Amendments of 1964 (P.L.88-467) and Regulations X-14 of the Securities and Exchange Commission

adopted thereunder shall be exempt from the provision of this chapter. [Eff 6/22/81] (Auth: HRS §431:2-201) (Imp: HRS §431:4-103)

§16-1-2 Proxies, consents, and authorizations. No domestic stock insurer, or any director, officer, or employee of the insurer subject to section 16-1-1, or any other person, shall solicit, or permit the use of the person's name to solicit, by mail or otherwise, any proxy, consent, or authorization in respect of any stock of the insurer in contravention of this chapter, including exhibits entitled "Schedule A" and "Schedule B" at the end of this chapter and which are made a part of this chapter. [Eff 6/22/81] (Auth: HRS §431:2-201) (Imp: HRS §431:4-103)

§16-1-3 Disclosure of equivalent information. Unless proxies, consents, or authorizations in respect of a stock of a domestic insurer subject to section 16-1-1 are solicited by or on behalf of the management of the insurer from the holders of record of stock of the insurer in accordance with this chapter and the schedules thereunder prior to any annual or other meeting, the insurer shall, in accordance with this chapter, file with the insurance commissioner and transmit to all stockholders of record information substantially equivalent to the information which would be required to be transmitted if a solicitation were made. [Eff 6/22/81] (Auth: HRS §431:2-201) (Imp: HRS §431:4-103)

§16-1-4 Definitions. (a) The terms "solicit" and "solicitation" for purposes of this chapter shall include:

- (1) Any request for a proxy, whether or not accompanied by or included in a form of proxy; or
  - (2) Any request to execute or not to execute, or to revoke, a proxy; or
  - (3) The furnishing of a proxy or other communication to stockholders under circumstances reasonably calculated to result in the procurement, withholding, or revocation of a proxy.
- (b) The terms "solicit" and "solicitation" shall not include:
- (1) Any solicitation by a person in respect to stock of which the person is the beneficial owner; or
  - (2) Action by a broker or other person in respect to stock carried in the person's name; or
  - (3) Action in the name of the nominee in forwarding to the beneficial owner of such stock soliciting material received from the company; or

- (4) Impartially instructing such beneficial owner to forward a proxy to the person, if any, to whom the beneficial owner desires to give a proxy; or
- (5) Impartially requesting instructions from the beneficial owner with respect to the authority to be conferred by the proxy and stating that a proxy will be given if the instructions are received by a certain date; or
- (6) The furnishing of a form of proxy to a stockholder upon the unsolicited request of the stockholder, or the performance by any person of ministerial acts on behalf of a person soliciting a proxy. [Eff 6/22/81] (Auth: HRS §431:2-201) (Imp: HRS §431:4-103)

§16-1-5 Information to be furnished to stockholders. (a) No solicitation subject to this chapter shall be made unless the person solicited is concurrently furnished or has previously been furnished with a written proxy statement containing the information in the exhibit entitled "Schedule A" at the end of this chapter.

(b) If the solicitation is made on behalf of the management of the insurer and relates to an annual meeting of stockholders at which directors are to be elected, each proxy statement furnished pursuant to subsection (a) shall be accompanied or preceded by an annual report (in preliminary or final form) to the stockholders containing the financial statements for the last fiscal year as are included in the exhibit entitled "Stockholders Information Supplement-Financial Reporting to Stockholder" located at the end of this chapter and which is made a part of this chapter. Subject to the foregoing requirements with respect to financial statements, the annual report to stockholders may be in any form deemed suitable by the management.

(c) Two copies of each report sent to the stockholders pursuant to this chapter shall be mailed to the insurance commissioner, not later than the date on which the report is first sent or given to stockholders or the date on which preliminary copies of solicitation are filed with the insurance commissioner, pursuant to section 16-1-7(a), whichever date is later. [Eff 6/22/81] (Auth: HRS §431:2-201) (Imp: HRS §431:4-103)

§16-1-6 Requirements as to proxy. (a) The form of proxy shall:

- (1) Indicate in bold-face type whether or not the proxy is solicited on behalf of the management;

- (2) Provide a specifically designated blank space for dating the proxy; and
  - (3) Identify clearly and impartially each matter or group of related matters intended to be acted upon, whether proposed by the management, or stockholders. No reference need be made to proposals as to which discretionary authority is conferred pursuant to subsection (c).
- (b) Means shall be provided in the proxy for the person solicited to specify by ballot a choice between approval or disapproval of each matter or group of related matters referred to therein, other than elections to office. A proxy may confer discretionary authority with respect to matters as to which a choice is not so specified if the form of proxy states in bold-face type how it is intended to vote the shares or authorization represented by the proxy in each case.
- (c) A proxy may confer discretionary authority with respect to other matters which may come before the meeting, provided the persons on whose behalf the solicitation is made are not aware a reasonable time prior to the time the solicitation is made that any other matters are to be presented for action at the meeting and provided that a specific statement to that effect is made in the proxy statement or in the form of proxy.
- (d) No proxy shall confer authority to:
- (1) Vote for the election of any person to office for which a bona fide nominee is not named in the proxy statement; or
  - (2) Vote at any annual meeting other than the next annual meeting (or any adjournment thereof) to be held after the date on which the proxy statement and form of proxy are first sent or given to stockholders.
- (e) The proxy statement or form of proxy shall provide, subject to reasonable specified conditions, that the proxy will be voted and that where the person solicited specifies by means of ballot provided pursuant to subsection (b) a choice with respect to any matter to be acted upon, the vote will be in accordance with the specification so made.
- (f) The information included in the proxy statement shall be clearly presented and the statement made shall be divided into groups according to subject matter, with appropriate headings. All printed proxy statements shall be clearly and legibly presented. [Eff 6/22/81] (Auth: HRS §431:2-201) (Imp: HRS §431:4-103)

§16-1-7 Material required to be filed. (a) Two preliminary copies of the proxy statement and form of proxy and any other soliciting material to be furnished to stockholders concurrently therewith shall be filed with the insurance

commissioner at least ten days prior to the date definitive copies of the material are first sent or given to stockholders, or shorter period prior to that date as the insurance commissioner may authorize upon a showing of good cause therefor.

(b) Two preliminary copies of any additional soliciting material relating to the same meeting or subject matter to be furnished to stockholders subsequent to the proxy statements shall be filed with the insurance commissioner at least two days (exclusive of Saturdays, Sundays or holidays) prior to the date copies of this material are first sent or given to stockholders or a shorter period prior to such date as the insurance commissioner may authorize upon a showing of good cause therefor.

(c) Two definitive copies of the proxy statement, form of proxy, and all other soliciting material, in the form in which this material is furnished to stockholders, shall be filed with, or mailed for filing to, the insurance commissioner not later than the date the material is first sent or given to the stockholders.

(d) Where any proxy statement, form of proxy, or other material filed pursuant to this chapter is amended or revised, two of the copies shall be marked to clearly show the changes.

(e) Copies of replies to inquiries from stockholders requesting further information and copies of communications which do no more than request that forms of proxy theretofore solicited be signed and returned need not be filed pursuant to this chapter.

(f) Notwithstanding the provisions of subsections (a) and (b), and section 16-1-10(e), copies of soliciting material in the form of speeches, press releases, and radio or television scripts may be filed with the insurance commissioner prior to use or publication. Definitive copies, however, shall be filed with or mailed for filing to the insurance commissioner as required by subsection (c) not later than the date the material is used or published. The provisions of subsections (a) and (b) and section 16-1-10(c)(3) shall apply to any reprints or reproductions of all or any part of the material. [Eff 6/22/81] (Auth: HRS §431:2-201) (Imp: HRS §431:4-103)

§16-1-8 False or misleading statements. No solicitation subject to this chapter shall be made by means of any proxy statement, form of proxy, notice of meeting, or other communication, written or oral, containing any statement which at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter

which has become false or misleading. [Eff 6/22/81] (Auth: HRS §431:2-201) (Imp: HRS §431:4-103)

§16-1-9 Prohibition of certain solicitations. No person making a solicitation which is subject to this chapter shall solicit any undated or postdated proxy or any proxy which provides that it shall be deemed to be dated as of any date subsequent to the date on which it is signed by the stockholder. [Eff 6/22/81] (Auth: HRS §431:2-201) (Imp: HRS §431:4-103)

§16-1-10 Election contests - Applicability. This section shall apply to any solicitation subject to this chapter by any person or group for the purpose of opposing a solicitation subject to this chapter by any person or group with respect to the election or removal of directors at any annual or special meeting of stockholders. [Eff 6/22/81] (Auth: HRS §431:2-201) (Imp: HRS §431:4-103)

§16-1-11 Participant or participant in a solicitation. (a) For purposes of this section the terms "participant" and "participant in a solicitation" include:

- (1) The Insurer; or
- (2) Any director of the insurer, and any nominee for whose election as a director proxies are solicited; or
- (3) Any other person, acting alone or with one or more other persons, committees or groups, in organizing, directing or financing the solicitation.

(b) For the purposes of this section the terms "participant" and "participant in a solicitation" do not include:

- (1) A bank, broker or dealer who, in the ordinary course of business, lends money or executes orders for the purchase or sale of stock and who is not otherwise a participant; or
- (2) Any person or organization retained or employed by a participant to solicit stockholders or any person who merely transmits proxy soliciting material or performs ministerial or clerical duties; or
- (3) Any person employed in the capacity of attorney, accountant, or advertising, public relations or financial advisor, and whose activities are limited to the performance of the person's duties in the course of such employment of the insurer or any of its subsidiaries or affiliates who is not otherwise a participant; or

- (4) Any person regularly employed as an officer or employee of the insurer or any of its subsidiaries or affiliates who is not otherwise a participant; or
- (5) Any officer or director of, or any person regularly employed by any other participant, if the officer, director, or employee is not otherwise a participant. [Eff 6/22/81] (Auth: HRS §431:2-201) (Imp: HRS §431:4-103)

§16-1-12 Filing of information required by "schedule B." (a) No solicitation subject to this chapter shall be made by any person other than the management of an insurer unless at least five business days prior thereto, or shorter period as the insurance commissioner may authorize upon a showing of good cause therefor, has been filed, with the insurance commissioner, by or on behalf of each participant in the solicitation, a statement in duplicate containing the information specified in the exhibit entitled "Schedule B" at the end of this chapter and a copy of any material proposed to be distributed to stockholders in furtherance of the solicitation. Where preliminary copies of any materials are filed, distribution to stockholders should be deferred until the insurance commissioner's comments have been received and complied with.

(b) Within five business days after a solicitation subject to this chapter is made by the management of an insurer, or longer period as the insurance commissioner may authorize upon a showing of good cause therefor, there shall be filed with the insurance commissioner by or on behalf of each participant in the solicitation, other than the insurer and by or on behalf of each management nominee or director, a statement in duplicate containing the information specified by the exhibit entitled "Schedule B" at the end of this chapter.

(c) If any solicitation on behalf of the management or any other person has been made, or if proxy material is ready for distribution, prior to a solicitation subject to this chapter in opposition thereto, a statement in duplicate containing the information specified in the exhibit entitled "Schedule B" at the end of this chapter shall be filed with the insurance commissioner, by or on behalf of each participant in the prior solicitation, other than the insurer, as soon as reasonably practicable after the commencement of the solicitation in opposition thereto.

(d) If, subsequent to the filing of the statements required by subsections (a), (b), and (c), additional persons become participants in a solicitation subject to this chapter, there shall be filed with the insurance commissioner, by or on behalf of each person, a statement in duplicate containing the information specified in exhibit entitled "Schedule B" at the end of this chapter, within three business days after the person becomes a participant, or longer period as the insurance commissioner may authorize upon a showing of good cause therefor.

(e) If any material change occurs in the facts reported in any statement filed by or on behalf of any participant, an appropriate amendment to the statement shall be filed promptly with the insurance commissioner.

(f) Each statement and amendment thereto filed pursuant to this section shall be part of the public files of the insurance commissioner. [Eff 6/22/81] (Auth: HRS §431:2-201) (Imp: HRS §431:4-103)

§16-1-13 Solicitations prior to furnishing required written proxy statement. Notwithstanding the provisions of section 16-1-5(a), a solicitation subject to this chapter may be made prior to furnishing stockholders a written proxy statement containing the information specified in the exhibit entitled "Schedule A" at the end of this chapter with respect to such solicitation, provided that:

- (1) The statements required by section 16-1-12 are filed by or on behalf of each participant in the solicitation.
- (2) No form of proxy is furnished to stockholders prior to the time the proxy statement required by section 16-1-5(a) is furnished to such persons: provided that this paragraph shall not apply where a proxy statement then meeting the requirements of the exhibit entitled "Schedule A" at the end of this chapter has been furnished to stockholders.
- (3) At least the information specified in paragraphs (2) and (3) of the statements required by the exhibit entitled "Schedule B" at the end of this chapter to be filed by each participant, or an appropriate summary thereof, are included in each communication sent or given to stockholders in connection with the solicitation.
- (4) A written proxy statement containing the information specified in the exhibit entitled "Schedule A" at the end of this chapter with respect to a solicitation is sent or given to stockholders at the earliest practicable date. [Eff 6/22/81] (Auth: HRS §431:2-201) (Imp: HRS §431:4-103)

§16-1-14 Solicitation prior to furnishing required written proxy statement-Filing requirements. Two copies of any soliciting material proposed to be sent or given to stockholders prior to the furnishing of the written proxy statement required by section 16-1-5(a) shall be filed with the insurance commissioner in preliminary form at least five business days prior to the date definitive copies of the material are first sent or given to the stockholders, or shorter period as the insurance commissioner may authorize upon a showing of good cause therefor. [Eff 6/22/81] (Auth: HRS §431:2-201) (Imp: HRS §431:4-103)



§16-1-15 Application of this chapter to report. Notwithstanding the provisions of section 16-1-5(b) and (c), two copies of any portion of the report referred to in section 16-1-5(b) which comments upon or refers to any solicitation subject to this section, or to any participant in any solicitation, other than the solicitation by the management, shall be filed with the insurance commissioner as proxy material subject to this chapter. The portion of the report shall be filed with the insurance commissioner in preliminary form at least five business days prior to the date copies of the report are first sent or given to stockholders. [Eff 6/22/81] (Auth: HRS §431:2-201) (Imp: HRS §431:4-103)

## SCHEDULE A

### INFORMATION REQUIRED IN PROXY STATEMENT

1. Revocability of proxy. State whether or not the person giving the proxy has the power to revoke it. If the right of revocation before the proxy is exercised is limited or is subject to compliance with any formal procedure, briefly describe the limitation or procedure.

2. Dissenters' rights of appraisal. Outline briefly the rights of appraisal or similar rights of dissenting stockholders with respect to any matter to be acted upon and indicate any statutory procedure required to be followed by the stockholders in order to perfect their rights. Where the rights may be exercised only within a limited time after the date of the adoption of a proposal, the filing of a charter amendment, or other similar act, state whether the person solicited will be notified of the date.

3. Persons making solicitation not subject to section 16-1-10. (a) If the solicitation is made by the management of the insurer, so state. Give the name of any director of the insurer who has informed the management in writing that the director intends to oppose any action intended to be taken by the management and indicate the action which the director intends to oppose.

(b) If the solicitation is made otherwise than by the management of the insurer, state the names and addresses of the persons by whom and on whose behalf it is made and the names and addresses of the persons by whom the cost of solicitation has been or will be borne, directly or indirectly.

(c) If the solicitation is to be made by specially engaged employees or paid solicitors, state (1) the material features of any contract or arrangement for the solicitation and identify the parties, and (2) the cost or anticipated cost thereof.

4. Interest of certain persons in matters to be acted upon. Describe briefly any substantial interest, direct or indirect, by stockholdings or otherwise, of any director, nominee for election for director, officer and, if the solicitation is made otherwise than on behalf of management, each person on whose behalf the solicitation is made, in any matter to be acted upon other than elections to office.

5. Stocks and principal stockholders. (a) State, as to each class of voting stock of the insurer entitled to be voted at the meeting, the number of shares outstanding and the number of votes to which each class is entitled.

(b) Give the date as of which the record list of stockholders entitled to vote at the meeting will be determined. If the right to vote is not limited to stockholders of record on that date, indicate the conditions under which other stockholders may be entitled to vote.

(c) If action is to be taken with respect to the election of directors and if the person solicited have cumulative voting rights, make a statement that they have the rights and state briefly the conditions precedent to the exercise thereof.

6. Nominees and directors. If action is to be taken with respect to the election of directors furnish the following information, in tabular form to the extent practicable, with respect to each person nominated for election as a director and each other person whose term of office as director will continue after the meeting:

- (1) Name each person, state when the person's term of office or the term of office for which the person is a nominee will expire, and all other positions and offices with the insurer presently held by the person, and indicate which persons are nominees for election as directors at the meeting.
- (2) State the person's present principal occupation or employment and give the name and principal business of any corporation or other organization in which employment is carried on. Furnish similar information as to all of the person's principal occupations or employments during the last five years, unless the person is now a director and was elected to the person's present term of office by a vote of stockholders at a meeting for which proxies were solicited under this chapter.
- (3) If the person is or has previously been a director of the insurer, state the period or periods during which the person has served.
- (4) State, as of the most recent practicable date, the approximate amount of each class of stock of the insurer or any of its parents, subsidiaries or affiliates other than directors' qualifying shares, beneficially owned directly or indirectly by the person. If the person is not the beneficial owner of any stocks make a statement to that effect.

7. Remuneration and other transactions with management and others. Furnish the information reported or required in item one of the exhibit entitled "Stockholder Information Supplement" under the heading "Information Regarding Management and Directors" if action is to be taken with respect to:

- (1) The election of directors; or
- (2) Any remuneration plan, contract or arrangement in which any director, nominee for election as a director, or officer of the insurer will participate; or
- (3) Any pension or retirement plan in which any person will participate; or
- (4) The granting or extension to any person of any options, warrants or rights to purchase any stocks other than warrants or rights issued to stockholders on a pro rata basis. If the solicitation is made on behalf of persons other than the management, the information required need be furnished only as to nominees of persons making the solicitation and associates of the nominees.

8. Bonus, profit sharing and other remuneration plans. If action is to be taken with respect to any bonus, profit sharing, or other remuneration plan of the insurer, furnish the following information:

- (1) A brief description of the material features of the plan, each class of persons who will participate therein, the approximate number of persons in each class, and the basis of the participation.
- (2) The amounts which would have been distributable under the plan during the last calendar year to:
  - (A) Each person named in section 7 of schedule "A";
  - (B) Directors and officers as a group; and
  - (C) To all other employees as a group, if the plan had been in effect.
- (3) If the plan to be acted upon may be amended (other than by a vote of stockholders) in a manner which would materially increase the cost thereof to the insurer or to materially alter the allocation of the benefits as between the groups specified in paragraph (2) of this section, the nature of the amendments should be specified.

9. Pension and retirement plan. If action is to be taken with respect to any pension or retirement plan of the insurer, furnish the following information:

- (1) A brief description of the material features of the plan, each class of persons who will participate therein, the approximate number of persons in each class, and the basis of the participation.
- (2) State:
  - (A) The approximate total amount necessary to fund the plan with respect to past services, the period over which the amount is to be paid, and the estimated annual payments necessary to pay the total amount over the period;
  - (B) The estimated annual payment to be made with respect to current services; and
  - (C) The amount of the annual payments to be made for the benefit of:
    - (i) Each person named in section 7 of schedule "A";
    - (ii) Directors and officers as a group; and
    - (iii) Employees as a group.
- (3) If the plan to be acted upon may be amended (other than by a vote of stockholders) in a manner which would materially increase the cost thereof to the insurer or to materially alter the allocation of the benefits as between the groups specified in subsection (2)(C), the nature of the amendments should be specified.

10. Options, warrants, or rights. If action is to be taken with respect to the granting or extension of any options, warrants or rights (all referred to herein as "warrants") to purchase stock of the insurer or any subsidiary or affiliate, other than warrants issued to all stockholders on a pro rata basis, furnish the following information:

- (1) The title and amount of stock called for or to be called for, the prices, expiration dates and other material conditions upon which the warrants may be exercised, the consideration received or to be received by the insurer, subsidiary or affiliate for the granting or extension of the warrants and the market value of the stock called for or to be called for by the warrants, as of the latest practicable date.
- (2) If known, state separately the amount of stock called for or to be called for by warrants received or to be received by the following persons, naming each person:
  - (A) Each person named in section 7 of schedule "A"; and

(B) Each other person who will be entitled to acquire five per cent or more of the stock called for or to be called for by the warrants.

(3) If known, state also the total amount of stock called for or to be called for by the warrants, received or to be received by all directors and officers of the company as a group and all employees, without naming them.

11. Authorization or issuance of stock. (a) If action is to be taken with respect to the authorization or issuance of any stock of the insurer furnish the title, amount and description of the stock to be authorized or issued.

(b) If the shares of stock are other than additional shares of common stock of a class outstanding, furnish a brief summary of the following, if applicable: dividend, voting, liquidation, pre-emptive, and conversion rights, redemption and sinking fund provisions, interest rate and date of maturity.

(c) If the shares of stock to be authorized or issued are other than additional shares of common stock of a class outstanding, the insurance commissioner may require financial statements comparable to those contained in the annual report.

12. Mergers, consolidations, acquisitions, and similar matters. (a) If action is to be taken with respect to a merger, consolidation, acquisition, or similar matter, furnish in brief outline the following information:

(1) The rights of appraisal or similar rights of dissenters with respect to any matters to be acted upon. Indicate any procedure required to be followed by dissenting stockholders in order to perfect the rights.

(2) The material features of the plan or agreement.

(3) The business done by the company to be acquired or whose assets are being required.

(4) If available, the high and low sales prices for each quarterly period within two years.

(5) The percentage of outstanding shares which must approve the transaction before it is consummated.

(b) For each company involved in a merger, consolidation or acquisition, the following financial statements shall be furnished:

(1) A comparative balance sheet as of the close of the last two fiscal years.

- (2) A comparative statement of operating income and expenses for each of the last two fiscal years and, as a continuation of each statement, a statement of earning per share after related taxes and cash dividends paid per share.
- (3) A pro forma combined balance sheet and income and expenses statement for the last fiscal year giving effect to the necessary adjustments with respect to the resulting company.

13. Restatement of accounts. If action is to be taken with respect to the restatement of any asset, capital, or surplus of the insurer, furnish the following information:

- (1) State the nature of the restatement and the date as of which it is to be effective.
- (2) Outline briefly the reasons for the restatement and for the selection of the particular effective date.
- (3) State the name and amount of each account affected by the restatement and the effect of the restatement thereon.

14. Matters not required to be submitted. If action is to be taken with respect to any matter which is not required to be submitted to a vote of stockholders, state the nature of such matter, the management in the event of a negative vote on the matter by the stockholders.

15. Amendment of charter, by-laws, or other documents. If action is to be taken with respect to any amendment of the insurer's charter, by-laws, or other documents as to which information is not required, state briefly the reasons for and general effect of the amendment and the vote needed for its approval.

## SCHEDULE B

### INFORMATION TO BE INCLUDED IN STATEMENTS FILED BY OR ON BEHALF OF A PARTICIPANT (OTHER THAN THE INSURER) IN A PROXY SOLICITATION IN AN ELECTION CONTEST

1. Insurer. State the name and address of the insurer.
2. Identity and background. (a) State the following:
  - (1) Your name and business address.
  - (2) Your present principal occupation or employment and the name, principal business address of any corporation or other organization in which employment is carried on.(b) State the following:
  - (1) Your resident address.
  - (2) Information as to all material occupations, positions, offices or employments during the last ten years, giving starting and ending dates of each and the name, principal business and address of any business corporation or other business organization in which each occupation, position, office or employment was carried on.(c) State whether or not you are or have been a participant in any other proxy contest involving this company or other companies within the past ten years. If so, identify the principals, the subject matter and your relationship to the parties and the outcome.
  - (d) State whether or not, during the past ten years, you have been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) and, if so, give dates, nature of conviction, name and location of court, and penalty imposed or other disposition of the case. A negative answer to this paragraph need not be included in the proxy statement or other proxy soliciting material.
3. Interest in stock of the insurer. (a) State the amount of each class of stock of the insurer which you own beneficially, directly or indirectly.
  - (b) State the amount of each class of stock of the insurer which you own of record but not beneficially.



(c) State with respect to the stock specified in subsections (a) and (b) the amounts acquired within the past two years, the dates of acquisition and the amounts acquired on each date.

(d) If any part of the purchase price or market value of any of the stock specified in subsection (c) is represented by funds borrowed or otherwise obtained for the purpose of acquiring or holding the stock, so state and indicate the amount of the indebtedness as of the latest practicable date. If the funds were borrowed or obtained otherwise than pursuant to a margin account or bank loan in the regular course of business of a bank, broker or dealer, briefly describe the transaction and state the names of the parties.

(e) State whether or not you are a party to any contracts, arrangements or understandings with any person with respect to any stock of the insurer, including but not limited to joint ventures, loan or option arrangements, puts or calls, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. If so, name the persons with whom the contracts, arrangements, or understandings exist and give the details thereof.

(f) State the amount of stock of the insurer owned beneficially, directly or indirectly, by each of your associates and the name and address of each associate.

(g) State the amount of each class of stock by any parent, subsidiary or affiliate of the insurer which you own beneficially, directly or indirectly.

4. Further matters. (a) Describe the time and circumstances under which you became a participant in the solicitation and state the nature and extent of your activities or proposed activities as a participant.

(b) Describe briefly, and where practicable state the approximate amount of, any material interest, direct or indirect, of yourself and of each of your associates in any material transactions since the beginning of the company's last fiscal year, or in any material proposed transaction, to which the company or any of its subsidiaries or affiliates was or is to be a party.

(c) State whether or not you or any of your associates have any arrangement or understanding with any person:

(1) With respect to any future employment by the insurer or its subsidiaries or affiliates; or

(2) With respect to any future transactions to which the insurer or any of its subsidiaries or affiliates will or may be a party.

If so, describe such arrangement or understanding and state the names of the parties thereto.

5. Signature. The statement shall be dated and signed in the following manner:

I certify that the statements made in this statement are true, complete, and correct, to the best of my knowledge and belief.

\_\_\_\_\_  
(Date)  
authorized representative)

\_\_\_\_\_  
(Signature of participant or

## STOCKHOLDERS INFORMATION SUPPLEMENT

### Financial Reporting to Stockholder.

1. Did the company distribute to its stockholders prior to the (insert current year) Annual Meeting an Annual Report for the year (insert preceding year)?

Answer \_\_\_\_\_

If answer is "Yes" attach copy. If answer is "No" explain in detail below. Attach separate sheet if necessary.

2. Will the company distribute to its stockholders prior to the (insert following year) Annual Meeting an Annual Report for the year (insert current year)?

Answer \_\_\_\_\_

If answer is "Yes" a copy of the report shall be forwarded to the insurance commissioner of the company's domiciliary state at the time as it is distributed to stockholders. If answer is "No" explain in detail below. Attach separate sheet if necessary.

3. If an Annual Report to stockholders was distributed for the year (insert preceding year):
  - (a) Was such distribution prior to or contemporaneous with the solicitation of proxies in respect of the Annual Meeting?

Answer \_\_\_\_\_

If the answer is "No" explain in detail below. Attach separate sheet if necessary.

- (b) Did it contain the following financial statements (indicate answer in Column A) and were financial statements prepared substantially on the basis (individual or consolidated) as required to be presented in the company's Annual Statement (indicate answer in Column B)?

To be answered by Life and A & H Companies:

- (a) Statement of Assets, Liabilities, Surplus and Other Funds . . . .
- (b) Summary of Operations . . . .
- (c) Surplus Account . . . . .

To be answered by Fire and Casualty Companies:

- (a) Statement of Assets, Liabilities, Surplus and Other Funds . . . .
- (b) Statement of Income - Underwriting and investment Exhibit . . . . .
- (c) Capital and Surplus Account .

To be Answered by Title Insurance Companies:

- (a) Statement of Assets, Liabilities, Surplus and Other Funds . . . .
- (b) Statement of Income, Operations and Investment Exhibit . . . . .
- (c) Capital and Surplus Account .

Column A		Column B	
YES	NO	YES	NO

Information Regarding Management and Directors.

Name and Title	Principal Occupation or Employment	Served as Director From	Aggregate Direct Remuneration	Benefits Accrued or set aside		Est. Annual benefits	
				<u>During Current Year</u>	<u>Upon Retirement</u>	<u>Retirement Plan</u>	<u>Other Emp. Benefits</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

1. Furnish the above information for each director, and for each of the three highest paid officers, whose aggregate direct remuneration exceeded \$20,000 during the year, naming each such person.

_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

Furnish on a separate sheet the following information as to each of the individuals named above or state below that such information is not present:

(a) Information as to any material interest, direct or indirect, on the part of such individual during the year (insert current year) in any material transaction or any material proposed transaction as to which the company, or any of its subsidiaries, was or is to be a party.

(b) Information as to all options to purchase securities of the company granted to or exercised by each individual during the current year.

2. Answer "Yes" or "No" in each column as to whether or not the information in item 1 has been, or will be, furnished to stockholders in any proxy statement relating to:

(a) The election of directors; or

(b) Any bonus, profit sharing or other remuneration plan, contract or arrangement in which any director, nominee for election as a director, or officer of the company will participate; or

(c) Any pension or retirement plan in which any person will participate; or

(d) The granting or extension to any person of any options, warrants, or rights to purchase any securities, other than warrants or rights issued to security holders, as such, on a pro rata basis. If any answer is "No" explain in detail on separate sheet.

\_\_\_\_\_

3. Furnish the information specified in item 1 for all directors and officers of the company, as a group, without naming them.

XXXXXX XXXXX

\_\_\_\_\_

4. Did the stockholders have an opportunity to vote for or against the election of directors and also other matters to be presented at any stockholders' meeting?

Answer \_\_\_\_\_. If answer is "No" explain on separate sheet.

5. Will the company solicit proxies from its stockholders during (insert following year) and will the solicitation(s) precede any shareholders' meeting or meetings by at least ten days?

Answer \_\_\_\_\_. If answer is "Yes" and proxies are to be solicited, copies of the proxy statement and form of proxy and other soliciting material to be furnished

stockholders shall be submitted to the insurance commissioner of the company's domiciliary state at least ten days prior to the date the material is first sent or given to stockholders. If answer is "No" and proxies are not to be solicited from stockholders, explain in detail below. Attach separate sheet if necessary.

DEPARTMENT OF REGULATORY AGENCIES

Chapter 1, Proxies, Consents, and Authorizations of Domestic Stock Insurers Rules of Practice and Procedure, on the Summary Page dated May 28, 1981 was adopted on May 28, 1981 following a public hearing held on May 28, 1981, after public notice was given in the Honolulu Star-Bulletin on May 8, 1981.

These rules shall take effect ten days after filing with the Office of the Lieutenant Governor.

/s/ Mary G.F. Bitterman  
MARY G.F. BITTERMAN  
Director of Regulatory Agencies

APPROVED AS TO FORM:

/s/ Ruth I. Tsujimura  
Deputy Attorney General

/s/ George R. Ariyoshi  
GEORGE R. ARIYOSHI  
Governor  
State of Hawaii

Date: June 10, 1981

June 12, 1981

Filed