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| **Checklist 12—Reinsurance** | **Project Assigned To** | **Date Completed** | **Completed By** | **Notes** |
| ***Overview*** |  |  |  |  |
| Meet with the insurer’s reinsurance manager (and/or other appropriate personnel) to discuss the reinsurance procedures, managers/supervisors and their responsibilities, staffing and what will be required from their department’s staff as a result of the order. |  |  |  |  |
| Conduct interviews of appropriate insurer reinsurance department personnel to determine policies and procedures. Document same. |  |  |  |  |
| Create a chart of reinsurance coverage based on interviews with reinsurance personnel, schedule F (P&C) or schedule S (L&H), and documents obtained below. See Chapter 7 – Exhibits 1 & 2. |  |  |  |  |
| Send copies of liquidation orders certified/registered mail to intermediaries (or reinsurers, if no intermediaries). |  |  |  |  |
| Establish reinsurance recoverable balance as of receivership date. |  |  |  |  |
| ***Gathering Documentation*** |  |  |  |  |
| Determine location of all reinsurance records – secure and inventory. This should include:   * Reinsurance treaties, including all endorsements or amendments * Facultative certificates (may be in policy or claim files) * Placement slips * Correspondence files * Claim files (coordinate with claims) * Broker of record letters * Intermediary agreements and correspondence * Reinsurance accounting records, including computer runs and bordereaux (coordinate with Accounting) * Letters of credit or other collateral * Trust agreements * Commutation agreements |  |  |  |  |

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| **Checklist 12—Reinsurance** | **Project Assigned To** | **Date Completed** | **Completed By** | **Notes** |
| For all LOCs, trust accounts, funds withheld:   * Secure all originals * Notify all banks and trustees of the order |  |  |  |  |
| For all treaties and facultative contracts:   * Obtain/develop schematic (ceded, assumed, retroceded) * Determine and document the methodology of applying losses to treaties * Obtain security policy register for facultative policies assumed * Obtain samples of all pertinent documentation relative to reinsurance and underwriting operations, including, but not limited to, policy wording and endorsements. |  |  |  |  |
| Obtain inventory and backup of all reinsurance PC workstations and mainframe, including file descriptions (reinsurance information is often kept on stand-alone PCs within the department). |  |  |  |  |
| Obtain copies of all system codes, lists, tables, etc., applicable to each system. |  |  |  |  |
| ***Documenting Reinsurance Procedures*** |  |  |  |  |
| Review the recent reinsurance billings for ceded and assumed reinsurance programs. |  |  |  |  |
| Obtain a list of reinsurance claims and payment history. |  |  |  |  |
| Obtain a list of paid and unpaid claims updated after liquidation. |  |  |  |  |
| Obtain claim documentation:   * Bordereaux of paid and unpaid losses and LAE figures, reserves and premiums * List of claims in litigation/arbitration * Facultative registers * Claims handling procedures |  |  |  |  |
| Determine that all paid losses covered by reinsurance have been billed. |  |  |  |  |

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| **Checklist 12—Reinsurance** | **Project Assigned To** | **Date Completed** | **Completed By** | **Notes** |
| Evaluate recovery processes and determine if new procedures are appropriate. |  |  |  |  |
| Evaluate procedures for notifying reinsurers of claims liabilities and determine any need for new procedures. |  |  |  |  |
| Determine appropriate action for continued relationships with TPAs, MGAs and intermediaries, including funds and/or LOCs held by any of these entities and records retained by them off-site. |  |  |  |  |
| Document insurer reinsurance party disputes:   * Interview all department heads and determine which functional areas are responsible for litigation, arbitration, etc. * Interview members of each functional area responsible for coordinating, monitoring and controlling reinsurance disputes. |  |  |  |  |
| Determine if any reinsurance audits are ongoing, have been performed, or are currently scheduled, and obtain copies of reports and work papers. |  |  |  |  |
| Evaluate reinsurance-related data currently produced and that data to be stored for future use. |  |  |  |  |
| Audit reinsurance-specific systems. Track data from source to final product to verify billings are correct and inclusive. |  |  |  |  |
| ***Third-Party Dispute*** |  |  |  |  |
| Segregate third-party disputes into the following classifications:   * Reinsurance-specific issues * Declaratory judgment actions affecting reinsurance |  |  |  |  |
| Determine if there are any appeal bonds pending the appeal of a judgment for or against the insurer in connection with any issue that might impact reinsurance. |  |  |  |  |
| Ensure that reinsurers are kept apprised of any developments. |  |  |  |  |

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| **Checklist 12—Reinsurance** | **Project Assigned To** | **Date Completed** | **Completed By** | **Notes** |
| ***Intercompany Reinsurance Transactions*** |  |  |  |  |
| Obtain source documentation for intercompany relationships. |  |  |  |  |
| Analyze and document mechanics of intercompany agreement(s) including premium and loss payments, commissions, advancements, etc. |  |  |  |  |
| Compare results of agreement analysis to ensure that the accounting methodology utilized is in compliance with the contract. Document findings. |  |  |  |  |
| Determine if intercompany relationships have any bearing on other reinsurance facilities. |  |  |  |  |
| ***Reinsurance Records*** |  |  |  |  |
| Determine the approximate number of files housed at each branch, outside facility or other location and arrange for an inventory to be taken. |  |  |  |  |
| Determine if files at branches or outside facilities need to be returned or sent to other locations. |  |  |  |  |
| Complete ID of all reinsurance files. |  |  |  |  |