

February 26, 2021

Kevin Baldwin, Co-Chair
Laura Lyon Slaymaker, Co-Chair
Receivership Law (E) Working Group
National Association of Insurance Commissioners
1100 Walnut Street
Suite 1500
Kansas City, MO 64106-2197

Dear Co-Chairs Baldwin and Slaymaker:

The American Property Casualty Insurance Association (APCIA) takes this opportunity to offer comments on the proposed amendments to Model #440 relating to the continuity of essential services and functions through affiliated intercompany agreements during an insurer receivership.

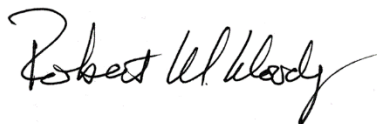
Section 5A(g) gives the commissioner the discretion to direct an insurer to require a bond of an affiliated service provider but places no limits whatsoever on the commissioner's discretion. The Working Group has proposed some new language in the drafting note setting forth the types of things the commissioner should consider in deciding whether and how to exercise the discretion to require a bond. APCIA believes the proposed drafting note language is helpful and we support its inclusion. However, APCIA believes that an additional amendment is needed to the text of Section 5A(g) itself to clarify that the amount of the bond required may not exceed the value of the contract(s) or agreement(s) in any one year. We therefore propose that that the language be amended as follows:

(g) *The insurer shall require the affiliated person(s) to obtain and maintain a bond for the protection of the insurer for the duration of the contract(s) or agreement(s) if required at the discretion of the commissioner at any time. The bond amount should be no less than the amount specified by the commissioner, which amount shall not exceed the value of the contract(s) or agreement(s) in any one year.*

APCIA believes this should provide adequate protection to the insurer or receiver while ensuring that the bond requirement will not be excessive and unreasonably burdensome.

APCIA appreciates the Working Group's consideration of this proposed addition and we would be pleased to respond to any questions or concerns Working Group members may have.

Sincerely,



Robert W. Woody