Comments from NY

APF 2019-34 adds clarifying wording to VM-30 that if a block of business subject to Model 820 is reinsured under a modified coinsurance treaty, such business continues to be subject to Model 820 and subject to the asset adequacy requirements for the ceding company.

However, Model 820 including the asset adequacy requirements applies to business reinsured under any type of reinsurance, other than assumption reinsurance where the business is novated.  We are supportive of including wording to clarify but propose the following revisions:

* Revise the title of the new Section from “Modified Coinsurance Reserves” to “Reinsurance”.
* Remove paragraph 1 since Model 820 would still apply regardless if a block of business is reinsured
* Remove the following wording in paragraph 2: “under a modified coinsurance agreement”