



Date: 6/22/22

Virtual Meeting

MUTUAL RECOGNITION OF JURISDICTIONS (E) WORKING GROUP

Wednesday, June 29, 2022

1:00 – 2:00 p.m. ET / 12:00 – 1:00 p.m. CT / 11:00 a.m. – 12:00 p.m. MT / 10:00 – 11:00 a.m. PT

ROLL CALL

Robert Wake, Chair	Maine	Lindsay Crawford	Nebraska
Monica Macaluso, Vice Chair	California	Diana Sherman	New Jersey
Jack Broccoli	Connecticut	Michael Campanelli	New York
Virginia Christy	Florida	Melissa Greiner	Pennsylvania
Elizabeth Nunes/Scott Sanders	Georgia	Daniel Morris	South Carolina
Tom Travis	Louisiana	Amy Garcia	Texas
Shelley Woods	Missouri		

NAIC Support Staff: Dan Schelp/Jake Stultz

AGENDA

1. Consider Adoption of the Draft *NAIC List of Jurisdictions that Recognize and Accept the Group Capital Calculation—Robert Wake (ME)* Attachment 1
2. Adjournment



**NAIC List of Jurisdictions that
Recognize and Accept the Group
Capital Calculation**

Reciprocal Jurisdictions (Model #440, Section 4L(2)(c))

Jurisdiction	Group-Wide Supervisor	Effective Date	Model #440, Section 4L(2)(e) Determination Explanatory Note
Member States of the European Union	Respective Member State Supervisory Authorities	January 1, 2022	
United Kingdom (UK)	Prudential Regulation Authority of the Bank of England (PRA)	January 1, 2022	
Bermuda	Bermuda Monetary Authority (BMA)	January 1, 2022	
Japan	Financial Services Agency (FSA)	January 1, 2022	
Switzerland	Financial Market Supervisory Authority (FINMA)	January 1, 2022	

Recognize and Accept Jurisdictions (Model #440, Section 4L(2)(d))

Jurisdiction	Group-Wide Supervisor	Effective Date	Model #440, Section 4L(2)(e) Determination Explanatory Note
None currently			

Group Capital Calculation. On December 9, 2020, the NAIC adopted revisions to the *Insurance Holding Company System Regulatory Act* (#440) and *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions* (#450). These revisions implement the Group Capital Calculation (GCC) filing requirements for insurance groups at the level of the ultimate controlling person for the purposes of evaluating solvency at the group level. The revisions specifically provide that the requirement to file the NAIC's GCC applies to U.S.-based groups, while a group headquartered outside the U.S. is exempt from the GCC (subject to limited exceptions detailed in the [Process for Evaluating Jurisdictions that Recognize and Accept the Group Capital Calculation](#)) if its groupwide supervisor "recognizes and accepts" the GCC for U.S. groups doing business in that jurisdiction.

List of Jurisdictions that Recognize and Accept the GCC. The Mutual Recognition of Jurisdictions (E) Working Group will evaluate non-U.S. jurisdictions in accordance with the "Recognize and Accept" Process. A list of "Recognize and Accept" Jurisdictions is published through the NAIC committee process. Sections 21D and 21E of Model #450 provide a general framework for how the process to identify "Recognize and Accept" Jurisdictions will work and specifically contemplates the development of a list of such jurisdictions through the NAIC Committee Process.

NAIC Listing Process. Section 4L(2) of Model #440 provides two ways a non-U.S. jurisdiction may meet the standards for its insurance groups to be exempt from the GCC:

- (a) If the jurisdiction has been determined to be a Reciprocal Jurisdiction for purposes of credit for reinsurance, which includes a requirement that the jurisdiction "recognizes the U.S. state regulatory approach to group supervision and group capital" (Model #440, Section 4L(2)(c)); or
- (b) If the jurisdiction has otherwise been determined to recognize and accept the GCC by procedures specified in regulation.

Evaluation of Reciprocal Jurisdictions. Under Section 4L(2)(c) of Model #440, Reciprocal Jurisdictions that recognize the U.S. state regulatory approach to group supervision and group capital are exempt from the GCC. Because a "recognize and accept" evaluation by the Mutual Recognition of Jurisdictions (E) Working Group is already part of the Reciprocal Jurisdiction review process, all Reciprocal Jurisdictions designated by the NAIC through that review process are also automatically designated as "Recognize and Accept" Jurisdictions. Likewise, in view of the terms of the EU and UK Covered Agreements, all EU Member States and the UK are automatically designated "Recognize and Accept" Jurisdictions. If there is a material change to the terms of the U.S.-EU or U.S.-UK Covered Agreement, or if the United States enters into a new covered agreement with one or more non-U.S. jurisdictions, the Mutual Recognition of Jurisdictions (E) Working Group will consider, and will consult with FIO and USTR regarding, whether and how the applicability of the procedures in this document may apply.

Prudential Oversight and Solvency Monitoring. Section 4L(2)(e) of Model #440 directs a lead state commissioner to require the group capital calculation for U.S. operations of any non-U.S. based insurance holding company system based in a “Recognize and Accept” Jurisdiction if, after any necessary consultation with other supervisors or officials, the commissioner deems such a “subgroup” calculation to be appropriate for prudential oversight and solvency monitoring purposes or for ensuring the competitiveness of the insurance marketplace. Section 21E(1) of Model #450 provides that to assist with such a determination, the “Recognize and Accept” List will also identify whether a listed jurisdiction requires a group capital filing for any U.S. based insurance group’s operations in that jurisdiction. The NAIC will identify such jurisdictions on the “Recognize and Accept” List, and may include an explanatory note in cases where a simple “Yes” or “No” response does not adequately describe the jurisdiction’s requirements. States may rely on this List when making determinations under Section 4L(2)(e) of Model #440.

The specific details of the GCC Recognize and Accept process can be found in the [*Process for Evaluating Jurisdictions that Recognize and Accept the Group Capital Calculation.*](#)