

REINSURANCE (E) TASK FORCE

Reinsurance (E) Task Force Nov. 17, 2022, Minutes

Implementation of the 2019 Revisions to the *Credit for Reinsurance Model Law* (#785) (Status as of Aug. 2, 2022) and *Credit for Reinsurance Model Regulation* (#786) (Status as of Sept. 13, 2022) (Attachment One)

Implementation of Model #787 (XXX/AXXX) *Term and Universal Life Insurance Reserve Financing Model Regulation*; Status as of Oct. 27, 2022 (Attachment Two)

[https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member meetings/e cmte/rtf/2022fallnm/meeting/minutes/rtf 11.17.2022 contents.docx](https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member%20meetings/e%20cmtf/2022fallnm/meeting/minutes/rtf%2011.17.2022%20contents.docx)

Draft Pending Adoption

Draft: 12/1/22

Reinsurance (E) Task Force
Virtual Meeting (*in lieu of meeting at the 2022 Fall National Meeting*)
November 17, 2022

The Reinsurance (E) Task Force met Nov. 17, 2022. The following Task Force members participated: Chlora Lindley-Myers, Chair, represented by John Rehagen (MO); Chris Nicolopoulos, Vice Chair, represented by Pat Gosselin (NH); Lori K. Wing-Heier represented by David Phifer (AK); Alan McClain and Chris Irwin (AR); Ricardo Lara represented by Monica Macaluso (CA); Michael Conway represented by Rolf Kaumann (CO); Andrew N. Mais represented by Philip Barrett and Wanchin Chou (CT); Trinidad Navarro represented by Charles Santana (DE); David Altmaier represented by Virginia Christy (FL); Doug Ommen represented by Kevin Clark (IA); Amy L. Beard represented by Roy Eft (IN); Vicki Schmidt represented by Tish Becker (KS); James J. Donelon represented by Stewart Guerin (LA); Gary D. Anderson represented by Christopher Joyce (MA); Timothy N. Schott represented by Robert Wake (ME); Troy Downing represented by Steve Matthews (MT); Jon Godfread represented by Matt Fischer (ND); Eric Dunning represented by Lindsay Crawford (NE); Marlene Caride represented by John Tirado (NJ); Russell Toal represented by Patrick Zeller (NM); Adrienne A. Harris represented by Michael Campanelli (NY); Judith L. French represented by Dale Bruggeman (OH); Elizabeth Kelleher Dwyer represented by John Tudino (RI); Cassie Brown represented by Jamie Walker (TX); Jon Pike represented by Jake Garn (UT); Scott A. White represented by Edward Buyalos (VA); Kevin Gaffney represented by Dan Petterson and Heidi Rabtoy (VT); and Nathan Houdek represented by Mark McNabb (WI).

1. Adopted its Summer National Meeting Minutes

Macaluso made a motion, seconded by Gosselin, to adopt the Task Force's July 25 minutes (*see NAIC Proceedings – Summer 2022, Reinsurance (E) Task Force*). The motion passed unanimously.

2. Adopted the Report of the Reinsurance Financial Analysis (E) Working Group

Kaumann stated that the Working Group meets in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings. He stated that the Working Group met Oct. 18, Sept. 6, and Aug. 31 to approve several certified and reciprocal jurisdiction reinsurers for passporting. He noted that the Working Group will meet Nov. 22 and in December.

Kaumann stated that the Working Group has now approved 40 reciprocal jurisdiction reinsurers for passporting. He noted that the list of passported reinsurers can be found on the Certified and Reciprocal Jurisdiction Reinsurer web page. He stated that NAIC staff have revised the web page to better meet the needs of state insurance regulators, industry, and other interested parties. He added that the reciprocal jurisdiction reinsurer list has been updated to include a new column that displays the period for which the minimum standards have been confirmed to have been met. Kaumann stated that NAIC staff have created a point-of-contact list to be included on that web page, which includes the single best contact for each state for any issues regarding reciprocal jurisdiction reinsurers and certified reinsurers. He requested that each state provide its point-of-contact person to NAIC staff if they have not already done so.

Kaumann made a motion, seconded by Phifer, to adopt the Working Group's report. The motion passed unanimously.

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3. Received a Status Report on the Reinsurance Activities of the Mutual Recognition of Jurisdictions (E) Working Group

Wake stated that the Working Group met Nov. 7 to reapprove the status of Bermuda, France, Germany, Ireland, Japan, Switzerland, and the United Kingdom (UK) as qualified jurisdictions and to reapprove Bermuda, Japan, and Switzerland as reciprocal jurisdictions. He stated that NAIC staff completed a due diligence review and provided a recommendation to the Working Group that the existing qualified jurisdictions and reciprocal jurisdictions not subject to either the *Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance* (EU Covered Agreement) or the *Bilateral Agreement Between the United States of America and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance* (UK Covered Agreement) should retain their status, and this recommendation was then adopted by the Working Group.

Zeller asked if Bermuda has been automatically reapproved for qualified and reciprocal jurisdiction status. Wake stated that Bermuda has been reapproved for both statuses for 2023. He noted that the Working Group will provide a memorandum to the Financial Condition (E) Committee, which was prepared by NAIC staff, that notes there is ongoing macroprudential work by multiple groups at the NAIC and that these factors are not unique to Bermuda. He concluded that there are no changes to any jurisdictions' statuses at this time.

4. Received a Status Report on the States' Implementation of the 2019 Revisions to Model #785 and Model #786

Dan Schelp (NAIC) stated that all 56 NAIC jurisdictions have adopted the 2019 revisions to the *Credit for Reinsurance Model Law* (#785) and the *Credit for Reinsurance Model Regulation* (#786) and that all action had been completed prior to the Sept. 22 deadline from the Covered Agreements. He stated that the maps showing the adoption of the 2019 revisions to Model #785 and Model #786 were included in the meeting materials (Attachment One).

Schelp noted that the Federal Insurance Office (FIO) had released its 2022 Federal Preemption Report on Sept. 30 and reported that there was no action regarding the preemption of any inconsistent state insurance measures. He added that the report stated that the FIO continues to monitor the status of state measures adopting and implementing Model #785 and Model #786 for consistency with the Covered Agreements and that he anticipates publishing a comprehensive update during 2023. He stated that the FIO had reached out to a small number of states and recommended minor revisions to their adopted credit for reinsurance law and regulation and asked that any state that is contacted by the FIO to provide this information to NAIC staff. Schelp noted that through discussions with the EU and the UK, some reinsurers had expressed concern about being recognized as reciprocal jurisdiction reinsurers and the timeliness of the recognition process. He emphasized that passing the law and regulation is only the first part of the process and that all the states need to take additional steps to timely implement Model #785 and Model #786. He recommended that to place uniformity around the review process, regardless of whether the reinsurer is seeking to be passported into other states, every state should send these reinsurers for review to the Reinsurance Financial Analysis (E) Working Group.

5. Received a Status Report on the States' Implementation of Model #787

Schelp stated that the *Term and Universal Life Insurance Reserve Financing Model Regulation* (#787) becomes an accreditation standard on Sept. 1, with enforcement beginning on Jan. 1, 2023. He noted that as of Oct. 27, 25 jurisdictions have adopted Model #787, with another eight jurisdictions with action under consideration. He noted that Model #787 mirrors *Actuarial Guideline XLVIII—Actuarial Opinion and Memorandum Requirements for the Reinsurance of Policies Required to be Valued under Sections 6 and 7 of the NAIC Valuation of Life Insurance Policies Model Regulation* (AG 48) and that under the accreditation standards, a state may meet the requirements through an administrative practice, such as an actuarial guideline. He stated that six states have advised NAIC staff that

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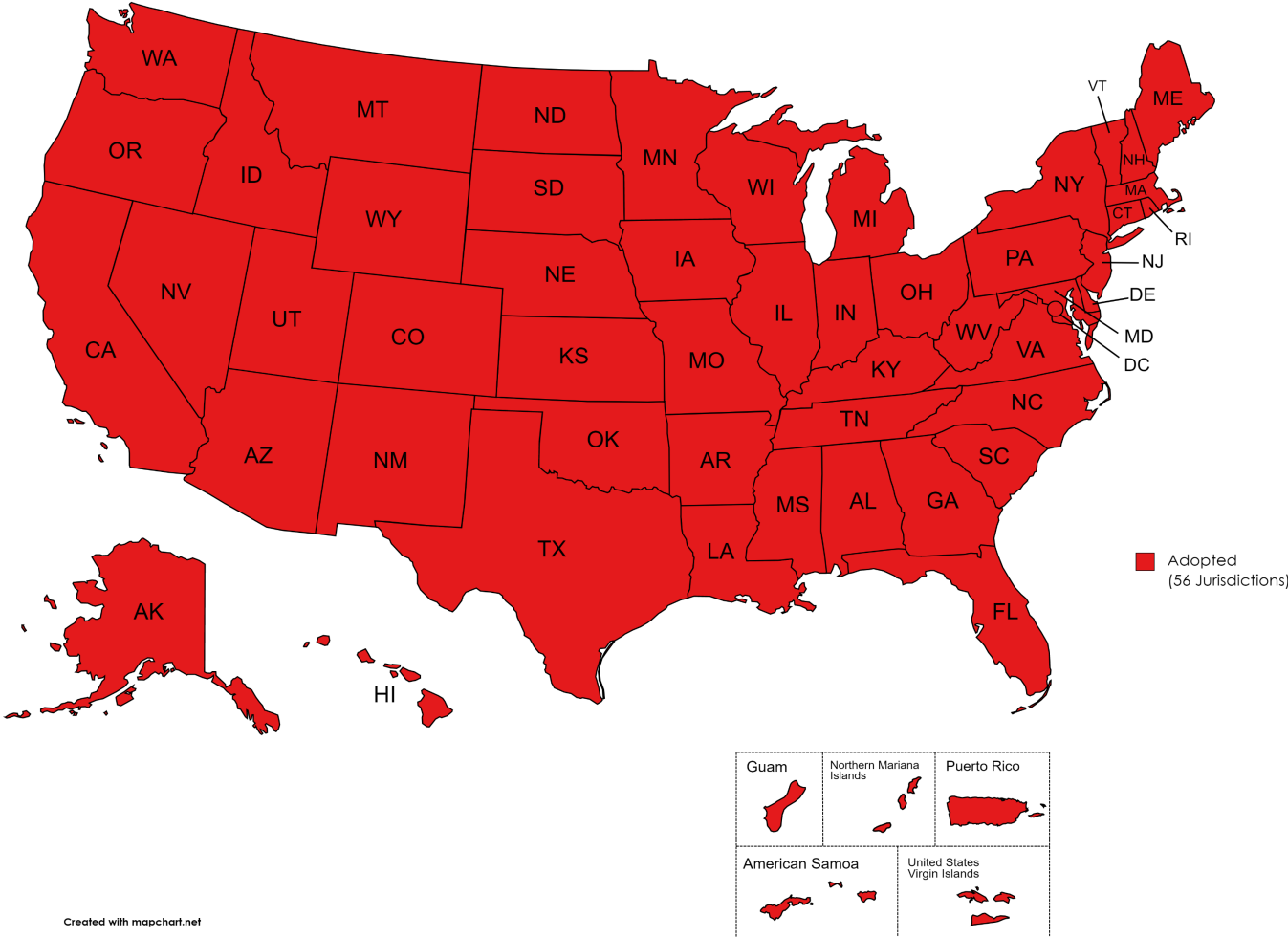
they will rely on AG 48, either through an insurance bulletin or through simple adoption of the NAIC's *Accounting Practices and Procedures Manual* (AP&P Manual). He added that if a state adopts Model #787, it also will need to adopt Section 5B(4) of Model #785. He stated that the map showing the current adoption status for Model #787 was included in the meeting materials (Attachment Two).

Having no further business, the Reinsurance (E) Task Force adjourned.

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Implementation of the 2019 Revisions to the
Credit for Reinsurance Model Law #785
[status as of August 2, 2022]

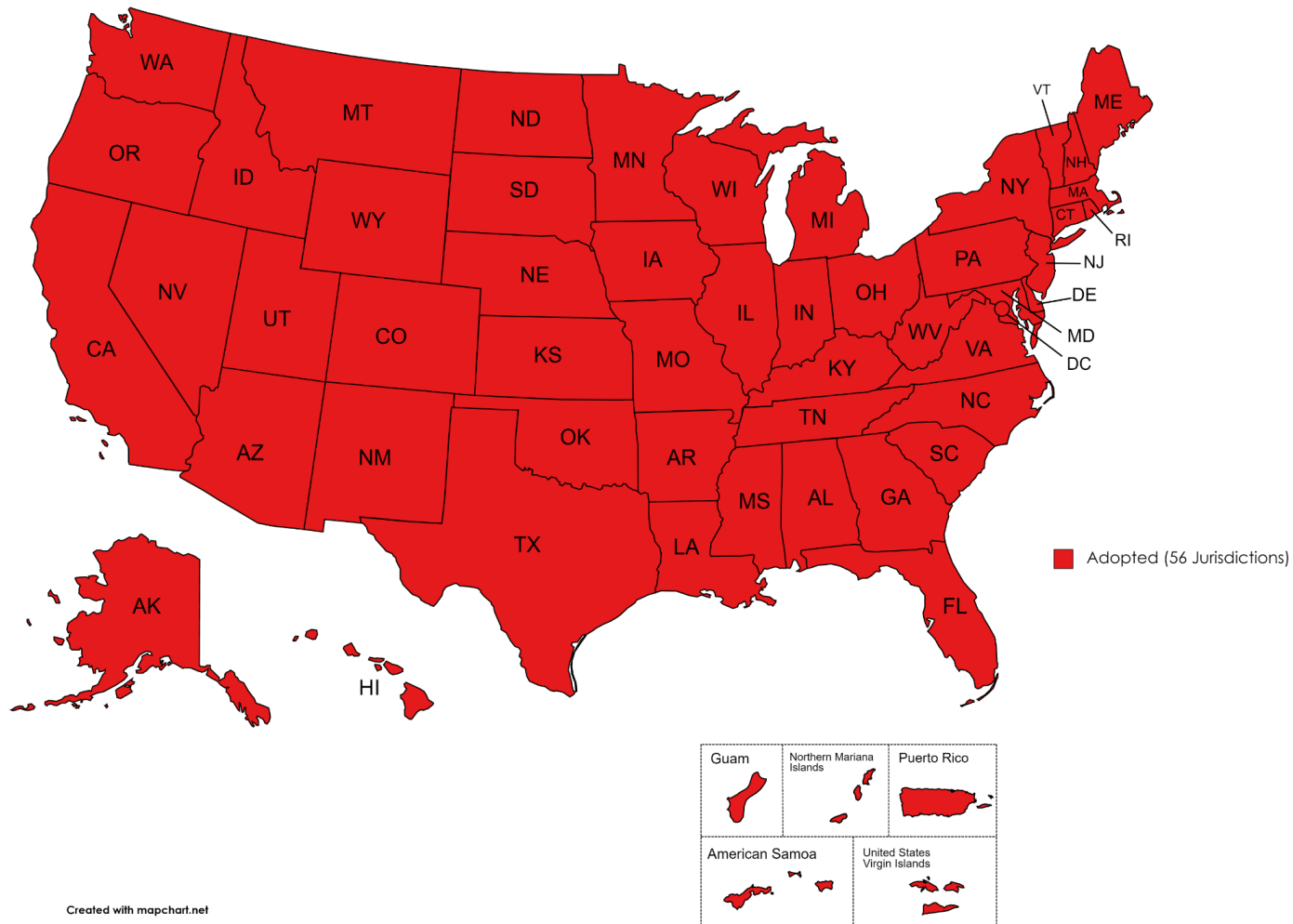
Attachment One
Reinsurance (E) Task Force
11/17/22



Disclaimer: This map represents state action or pending state action regarding NAIC amendments to the model(s). This map does not reflect a determination as to whether the pending or enacted legislation contains all elements of NAIC amendments to the model(s) or whether a state meets any applicable accreditation standards.

Implementation of the 2019 Revisions to the
Credit for Reinsurance Model Regulation #786
[status as of September 13, 2022]

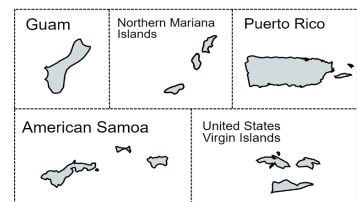
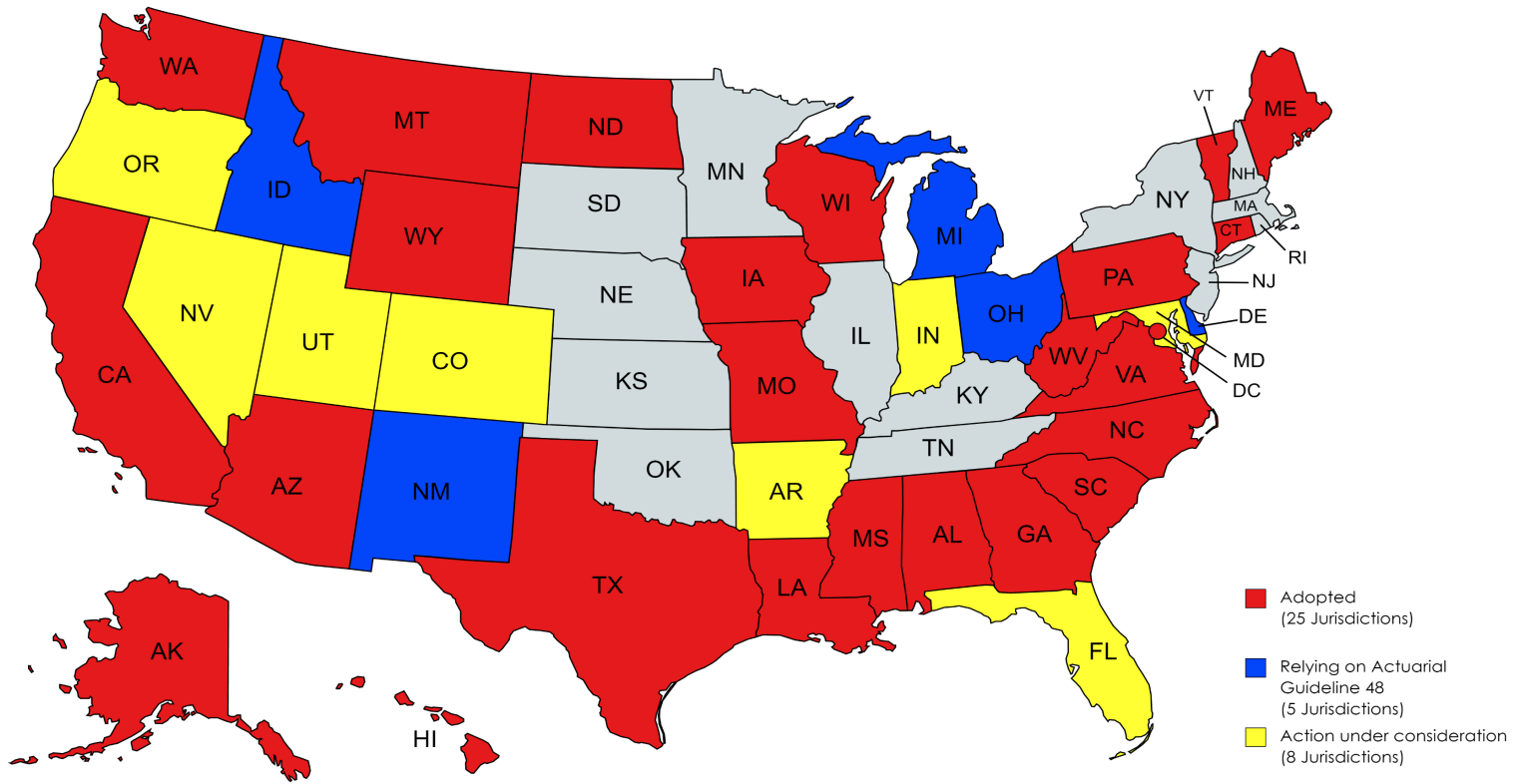
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Implementation of Model #787 (XXX/XXX)
 Term and Universal Life Insurance Reserve Financing Model Regulation
 [status as of October 27, 2022]

Attachment Two
 Reinsurance (E) Task Force
 11/17/22



Created with mapchart.net

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