Date: 3/9/22

Virtual Meeting
(in lieu of meeting at the 2022 Spring National Meeting)

REINSURANCE (E) TASK FORCE
Tuesday, March 22, 2022
12:00 – 1:00 p.m. ET / 11:00 a.m. – 12:00 p.m. CT / 10:00 – 11:00 a.m. MT / 9:00 – 10:00 a.m. PT

ROLL CALL

Chlora Lindley-Myers, Chair Missouri Kathleen A. Birrane Maryland
Chris Nicolopoulos, Vice Chair New Hampshire Gary D. Anderson Massachusetts
Jim L. Ridling Alabama Troy Downing Montana
Lori K. Wing-Heier Alaska Eric Dunning Nebraska
Peni Itula Sapini Teo American Samoa Marlene Caride New Jersey
Alan McClain Arkansas Russell Toal New Mexico
Ricardo Lara California Adrienne A. Harris New York
Michael Conway Colorado Mike Causey North Carolina
Andrew N. Mais Connecticut Jon Godfread North Dakota
Trinidad Navarro Delaware Judith L. French Ohio
David Altsmaier Florida Alexander S. Adams Vega Puerto Rico
John F. King Georgia Elizabeth Kelleher Dwyer Rhode Island
Michelle B. Santos Guam Raymond G. Farmer South Carolina
Amy L. Beard Indiana Cassie Brown Texas
Doug Ommen Iowa Jon Pike Utah
Vicki Schmidt Kansas Michael S. Pieciak Vermont
James J. Donelon Louisiana Scott A. White Virginia
Eric A. Cioppa Maine Nathan Houdek Wisconsin

NAIC Support Staff: Jake Stultz/Dan Schelp

AGENDA

1. Consider Adoption of its 2021 Fall National Meeting Minutes — John Rehagen (MO)
   Attachment One


3. Consider Exposure of the Revisions to the Uniform Checklist for Reciprocal Jurisdiction Reinsurers — John Rehagen (MO)
   Attachment Two

5. Receive a Status Report on the States’ Implementation of the 2019 Revisions to the Credit for Reinsurance Model Law (#785) and the Credit for Reinsurance Model Regulation (#786)—John Rehagen (MO)  
Attachment Three

Attachment Four

7. Discuss Any Other Matters Brought Before the Task Force —John Rehagen (MO)

8. Adjournment

https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member meetings/2022 naic meetings/spring national meeting/committee meetings/financial condition (e) committee/reinsurance (e) tf/national meeting/meeting materials/0 rtf 03.2022 agenda.docx
The Reinsurance (E) Task Force met Dec. 13, 2021. The following Task Force members participated: Chlora Lindley-Myers, Chair, and John Rehagen (MO); Raymond G. Farmer, Vice Chair, represented by Daniel Morris (SC); Lori K. Wing-Heier represented by David Phifer (AK); Jim L. Ridling represented by Sean Duke (AL); Alan McClain, represented by Chris Erwin (AR); Ricardo Lara represented by Kim Hudson and Monica Macaluso (CA); Michael Conway represented by Rolf Kaumann (CO); Andrew N. Mais represented by Kathy Belfi and Wanchin Chou (CT); Trinidad Navarro represented by Dave Lonchar (DE); David Altmaier represented by Virginia Christy and Robert Ridenour (FL); John F. King, represented by Geraldine Farr (GA); Doug Ommen represented by Kim Cross (IA); Dana Popish Severinghaus represented by Susan Berry (IL); Amy L. Beard represented by Roy Eft (IN); Vicki Schmidt represented by Tish Becker (KS); Sharon P. Clark represented by Vicki Lloyd (KY); James J. Donelon represented by Stewart Guerin (LA); Gary D. Anderson represented by Christopher Joyce (MA); Eric A. Cioppa represented by Robert Wake (ME); Troy Downing, represented by Steve Matthews (MT); Mike Causey represented by Jackie Obusek (NC); Jon Godfread represented by Matt Fischer (ND); Eric Dunning represented by Lindsay Crawford (NE); Chris Nicolopoulos represented by Doug Bartlett (NH); Marlene Caride represented by David Wolf (NJ); Russell Toal, represented by Jennifer Catechis (NM); Adrienne A. Harris represented by Roberto Paradis (NY); Judith L. French represented by Dale Bruggeman (OH); Glen Mulready represented by Eli Snowbarger (OK); Elizabeth Kelleher Dwyer represented by Jack Broccoli (RI); Cassie Brown represented by Jamie Walker (TX); Jonathan T. Pike represented by Jake Garn (UT); Scott A. White represented by Greg Chew and Doug Stolte (VA); and Mark Afable represented by Amy Malm (WI).

1. **Adopted its Summer National Meeting Minutes**

Mr. Eft made a motion, seconded by Ms. Cross, to adopt the Task Force’s July 27 minutes (see NAIC Proceedings – Summer 2021, Reinsurance (E) Task Force). The motion passed unanimously.


Jake Stultz (NAIC) provided the report of the Reinsurance Financial Analysis (E) Working Group. He stated that the Working Group met 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 Aug. 25 to discuss the comments received by the Reinsurance (E) Task Force on the ReFAWG Review Process for Passporting Certified and Reciprocal Jurisdiction Reinsurers (ReFAWG Process). He noted that the Working Group then met on Oct. 13 and Nov. 23 to complete the annual certified reinsurer reviews and to approve the first four reciprocal jurisdiction reinsurers for passporting. He stated that the Working Group intends to meet one more time in 2021 to approve several more reciprocal jurisdiction reinsurers for passporting.

Mr. Hudson made a motion, seconded by Mr. Wake, to adopt the Working Group’s report. The motion passed unanimously.

3. **Adopted the ReFAWG Process**

Mr. Rehagen stated that the ReFAWG Process (Attachment One) is based on the Reinsurance Financial Analysis (E) Working Group Procedures Manual (ReFAWG Manual), which is a regulator-only document. He noted that the ReFAWG Manual will be updated to reflect the adoption of the 2019 revisions to the Credit for Reinsurance Model Law (#785) and the Credit for Reinsurance Model Regulation (#786) after the ReFAWG Process has been adopted. Mr. Rehagen noted that the ReFAWG Process was initially exposed on June 17 for a 30-day public comment period and that six comment letters were received. The ReFAWG Process was discussed by the Task Force at the Summer National Meeting and was then exposed on Sept. 17 (Attachment Two), and two comment letters (Attachment Three) were received. The Task Force again exposed the ReFAWG Process on Nov. 11 for a 21-day public comment period, and no public comments were received.

Dan Schelp (NAIC) stated that revisions included in the ReFAWG Process to be adopted today are mostly stylistic in nature. He stated that the provisions in Model #785 and Model #786 align closely with the original provisions of the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance” (EU Covered Agreement) and the “Bilateral Agreement Between the United States of America and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance,” and that the ReFAWG Process was drafted to mirror Model #785 and Model #786. Mr. Schelp noted that NAIC staff had discussions with representatives from the Federal Insurance...
Draft Pending Adoption

Office (FIO), and that they are supportive of the efforts to provide guidance to both the states and insurers regarding the passporting process. He noted that the Working Group would review and verify if any changes are needed in the Uniform Checklist for Reciprocal Jurisdiction Reinsurers based on the revisions to the ReFAWG Process document or the ReFAWG Manual.

Mr. Hudson made a motion, seconded by Mr. Phifer, to adopt the ReFAWG Review Process for Passporting Certified and Reciprocal Jurisdiction Reinsurers. The motion passed unanimously.

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

Mr. Wake stated that the Working Group met Sept. 22 in regulator-to-regulator session to discuss the Process for Evaluating Jurisdictions that Recognize and Accept the Group Capital Calculation (GCC Process). He stated that the Working Group met Nov. 18 to adopt the GCC Process for consideration by the Financial Condition (E) Committee and to reapprove the status of Bermuda, France, Germany, Ireland, Japan, Switzerland, and the United Kingdom (UK) as qualified jurisdictions and Bermuda, Japan, and Switzerland as reciprocal jurisdictions.

Mr. Wake stated that on May 27, the Mutual Recognition of Jurisdictions (E) Working Group recommended the Republic of Korea be approved as a qualified jurisdiction and that on June 3, the Task Force exposed the Republic of Korea: Final Evaluation Report for a 30-day public comment period. He noted that the Task Force was notified of an ongoing issue with data localization requirements in the Republic of Korea that needed to be remediated before the process can move forward. He stated that at the Summer National Meeting, the Task Force referred this issue back to the Working Group. Mr. Wake stated that a small group of regulators have held calls with the Republic of Korea Financial Supervisory Service (FSS) and the Financial Services Commission (FSC) and with U.S. insurance trade groups to better understand the situation. He said he will provide an update to the Task Force when he has additional information.

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

Mr. Stultz stated that as of Dec. 9, 46 U.S. jurisdictions have adopted the 2019 revisions to Model #785, while four jurisdictions have action under consideration. He noted that 25 states have adopted the revisions to Model #786, and 11 jurisdictions currently have action under consideration. 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 Four).

Mr. Stultz stated that the 2019 revisions to the models must be adopted by the states prior to Sept. 1, 2022, which is the date when the FIO must complete its federal preemption reviews under the Covered Agreements. He stated that the Task Force will provide support to the states to meet this deadline. Mr. Stultz recommended that all states and jurisdictions adopt the 2019 revisions to Model #785 and Model #786 as soon as possible and no later than July 1, 2022, in order to give the FIO sufficient time for its federal preemption analysis.

Mr. Stultz stated that the current adoption maps can be found on the Task Force’s web page. He noted that he and Mr. Schelp can answer any technical questions during the legislative process, and Holly Weatherford (NAIC) is working directly with the states on the adoption of the 2019 revisions to Model #785 and Model #786.

6. Received a Status Report on the States’ Implementation of Model #787

Mr. Stultz stated that the Term and Universal Life Insurance Reserve Financing Model Regulation (#787) becomes an accreditation standard on Sept. 1, 2022, with enforcement beginning on Jan. 1, 2023. He noted that as of Nov. 30, eight jurisdictions have adopted Model #787, with another 10 jurisdictions with action under consideration. He stated that the map showing the current adoption status for Model #787 was included in the meeting materials (Attachment Five) and added that the adoption of Model #787 is unrelated to the Covered Agreements and is not potentially subject to federal preemption.

Mr. Stultz 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, and added that if a state adopts Model #787, it also will need to adopt Section 5B(4) of Model #785.

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

ReinsuranceTFmin 12.13.2021.docx

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**Uniform Checklist for Reciprocal Jurisdiction Reinsurers**

<table>
<thead>
<tr>
<th>Reciprocal Jurisdiction Reinsurer Information:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Name:</td>
</tr>
<tr>
<td>Address:</td>
</tr>
<tr>
<td>Primary Contact:</td>
</tr>
<tr>
<td>Domiciliary Jurisdiction / Supervisory Authority:</td>
</tr>
<tr>
<td>Applicable Lines of Business:</td>
</tr>
</tbody>
</table>

I. **Filing Requirements for “Lead State” of Reciprocal Jurisdiction Reinsurer**

Check appropriate box:

- [ ] Initial Filing
- [ ] Annual Filing

The “Lead State” will uniformly require assuming insurers to provide the following documentation so that other states may rely upon the Lead State’s determination:

<table>
<thead>
<tr>
<th>Citation to State Law / Regulation</th>
<th>Requirements</th>
<th>Y or N</th>
<th>Reference and Supporting Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model #786 § 9A &amp; B</td>
<td><strong>Status of Reciprocal Jurisdiction:</strong> The assuming insurer must be licensed to write reinsurance by, and has its head office or is domiciled in, a Reciprocal Jurisdiction that is listed on the <em>NAIC List of Reciprocal Jurisdictions</em>:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model #785 §2F(1)(a)</td>
<td>• A non-U.S. jurisdiction that is subject to an in-force Covered Agreement with the United States;</td>
<td></td>
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<tr>
<td></td>
<td>• A U.S. jurisdiction that meets the requirements for accreditation under the NAIC Financial Standards and Accreditation Program;</td>
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<tr>
<td></td>
<td>• A Qualified Jurisdiction that has been determined by the commissioner to meet all applicable requirements to be a Reciprocal Jurisdiction.</td>
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<td></td>
<td>The Reciprocal Jurisdiction Reinsurer should identify which type of jurisdiction it is domiciled in and provide any documentation to confirm this status if requested by the commissioner.</td>
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<tr>
<td>Model #786 § 9C(2)</td>
<td><strong>Minimum Capital and Surplus:</strong> The assuming insurer must have and maintain on an ongoing basis minimum capital and surplus, or its equivalent, calculated on at least an annual basis as of the preceding December 31 or at the annual date otherwise statutorily reported to the Reciprocal Jurisdiction:</td>
<td></td>
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<tr>
<td>Model #785 §2F(1)(b)</td>
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</tbody>
</table>

Attachment Two
<table>
<thead>
<tr>
<th>Citation to State Law / Regulation</th>
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<th>Y or N</th>
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<tbody>
<tr>
<td>Model #786 § 9C(7)</td>
<td>• No less than $250,000,000 (USD); or</td>
<td></td>
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<td>• If the assuming insurer is an association, including incorporated and individual unincorporated underwriters:</td>
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<tr>
<td></td>
<td>▪ Minimum capital and surplus equivalents (net of liabilities) or own funds of the equivalent of at least $250,000,000 (USD); and</td>
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<tr>
<td></td>
<td>▪ A central fund containing a balance of the equivalent of at least $250,000,000 (USD).</td>
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<td><strong>The assuming insurer’s supervisory authority must confirm to the commissioner on an annual basis according to the methodology of its domiciliary jurisdiction that the assuming insurer complies with this requirement.</strong></td>
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<tr>
<td>Model #785 §2F(1)(g)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model #786 § 9C(3)</td>
<td><strong>Minimum Solvency or Capital Ratio:</strong> The assuming insurer must have and maintain on an ongoing basis a minimum solvency or capital ratio.</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>Model #786 §2F(1)©</td>
<td>• The ratio specified in the applicable in-force Covered Agreement where the assuming insurer has its head office or is domiciled; or</td>
<td></td>
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<tr>
<td></td>
<td>• If the assuming insurer is domiciled in an accredited state, a risk-based capital (RBC) ratio of three hundred percent (300%) of the authorized control level, calculated in accordance with the formula developed by the NAIC; or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model #786</td>
<td>• If the assuming insurer is domiciled in a Reciprocal Jurisdiction that is a Qualified Jurisdiction, such solvency or capital ratio as the commissioner determines to be an effective measure of solvency.</td>
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</tbody>
</table>
### Uniform Checklist for Reciprocal Jurisdiction Reinsurers

*Approved by the Reinsurance (E) Task for on June 9, 2020*

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<tr>
<td>§ 9C(7) Model #785 §2F(1)(g)</td>
<td>The assuming insurer’s supervisory authority must confirm to the commissioner on an annual basis that the assuming insurer complies with this requirement.</td>
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</tr>
<tr>
<td>Model #786 § 9C(4) Model #785 §2F(1)(d)</td>
<td>Form RJ-1: The assuming insurer must agree to and provide a signed Form RJ-1, which must be properly executed by an officer of the assuming insurer. [Insert link to copy of form on state web site.]</td>
<td></td>
<td>Form RJ-1</td>
</tr>
</tbody>
</table>
| Model #786 § 9C(5) Model #785 §2F(1)(c) | Financial/Regulatory Filings:  
- The assuming insurer’s annual audited financial statements, in accordance with the applicable law of the jurisdiction of its head office or domiciliary jurisdiction, as applicable, including the external audit report;  
- The solvency and financial condition report or actuarial opinion, if filed with the assuming insurer’s supervisor;  
- An updated list of all disputed and overdue reinsurance claims outstanding for 90 days or more, regarding reinsurance assumed from ceding insurers domiciled in the United States; and This is for purposes of evaluating Prompt Payment of Claims.  
- Information regarding the assuming insurer’s assumed reinsurance by ceding insurer, ceded reinsurance by the assuming insurer, and reinsurance recoverable on paid and unpaid losses by the assuming insurer. This is for purposes of evaluating Prompt Payment of Claims. |       | The Reciprocal Jurisdiction Reinsurer shall provide this information if requested by the commissioner consistent with the requirements of Model #785 & Model #786. |
| Model #786 § 9C(5) Model #786 § 9C(5)(d) |                                |       | NAIC staff will perform a review of Schedules F and S filed by U.S. domiciled ceding insurers. |
| Model #786 § 9C(5) Model #785 §2F(1)(c) |                                |       | Applicants domiciled in the U.S. must provide the most recent NAIC Annual Statement Blank Schedule F (property/casualty) and/or Schedule S (life and health). Applicants domiciled outside the U.S. may provide this information using Form CR-F (property/casualty) and/or Form CR-S (life and health), which ReFAWG considers sufficient to meet this requirement. |

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II. Filing Requirements for “Passporting State” of Reciprocal Jurisdiction Reinsurer

In order to facilitate multi-state recognition of assuming insurers and to encourage uniformity among the states, the NAIC has initiated a process called “passporting” under which the commissioner has the discretion to defer to another state’s determination with respect to compliance with this section. Passporting is based upon individual state regulatory authority, and states are encouraged to act in a uniform manner in order to facilitate the passporting process. States are also encouraged to utilize the passporting process to reduce the amount of documentation filed with the states and reduce duplicate filings.

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If an NAIC accredited jurisdiction has determined that the conditions set forth under the Filing Requirements for Lead States have been met, the commissioner has the discretion to defer to that jurisdiction’s determination, and add such assuming insurer to the list of assuming insurers to which cessions shall be granted credit. The commissioner may accept financial documentation filed with the Lead State or with the NAIC. The following documentation must be filed with the Passporting State:

<table>
<thead>
<tr>
<th>Citation to State Law / Regulation</th>
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</thead>
<tbody>
<tr>
<td>Model #786 § 9E(2)</td>
<td>Form RJ-1: An assuming insurer must submit a properly executed Form RJ-1 and additional information as the commissioner may require, except to the extent that they conflict with a Covered Agreement.</td>
<td>Form RJ-1</td>
<td></td>
</tr>
<tr>
<td>Model #785 §2F(3)</td>
<td>Lead State: If an NAIC accredited jurisdiction has determined that the required conditions have been met, the commissioner has the discretion to defer to that jurisdiction’s determination. The commissioner may accept financial documentation filed with another NAIC accredited jurisdiction or with the NAIC in satisfaction of this requirement.</td>
<td>The applicant must provide a copy of the approval letter or other documentation provided to the applicant by the NAIC accredited jurisdiction. The letter should include the state, effective date, and lines of business. The applicant also should have been reviewed and recommended for passporting by ReFAWG.</td>
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</table>

**III. Interaction Between Certified Reinsurers and Reciprocal Jurisdiction Reinsurers**

Under Section 8A(5) of the Credit for Reinsurance Model Regulation (#786), credit for reinsurance shall apply only to reinsurance contracts entered into or renewed on or after the effective date of the certification of the assuming insurer with respect to Certified Reinsurers. Under Section 2F(7) of the Credit for Reinsurance Model Law (#785), credit shall be taken with respect to ReciprocalJurisdiction Reinsurers only for reinsurance agreements entered into, amended, or renewed on or after the effective date of the statute adding this subsection, and only with respect to losses incurred and reserves reported on or after the later of (i) the date on which the assuming insurer has met all eligibility requirements to be designated a Reciprocal Jurisdiction Reinsurer, and (ii) the effective date of the new reinsurance agreement, amendment, or renewal.

It is expected that certain assuming insurers may be considered to be Certified Reinsurers for purposes of in-force business and Reciprocal Jurisdiction Reinsurers with respect to reinsurance agreements entered into, amended, or renewed on or after the effective date. In addition, these same reinsurers may also have certain blocks of business that are fully collateralized under the prior provisions of Model #785 and Model #786. The NAIC blanks will be amended to reflect the status of these reinsurers with respect to each type of insurance assumed.
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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.
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