

REINSURANCE (E) TASK FORCE

Reinsurance (E) Task Force March 6, 2023, Minutes

Implementation of Model #787 (XXX/AXXX) *Term and Universal Life Insurance Reserve Financing Model Regulation*; Status as of February 22, 2023 (Attachment One)

[https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member meetings/e cmte/rtf/2023springnm/meeting/minutes/rtf 3.6.2023 contents.docx](https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member%20meetings/e%20cmte/rtf/2023springnm/meeting/minutes/rtf%203.6.2023%20contents.docx)

Draft Pending Adoption

Draft: 3/11/22

Reinsurance (E) Task Force
Virtual Meeting (*in lieu of meeting at the 2023 Spring National Meeting*)
March 6, 2023

The Reinsurance (E) Task Force met March 6, 2023. The following Task Force members participated: Chlora Lindley-Myers, Chair, represented by John Rehagen (MO); Adrienne A. Harris, Vice Chair, represented by John Finston (NY); Mark Fowler (AL); Alan McClain represented by Chris Erwin (AR); Ricardo Lara represented by Monica Macaluso (CA); Michael Conway represented by Rolf Kaumann (CO); Andrew N. Mais represented by Wanchin Chou (CT); Michael Yaworsky represented by Virginia Christy (FL); John F. King represented by Martin Sullivan (GA); Doug Ommen represented by Kim Cross (IA); Amy L. Beard represented by Roy Eft (IN); Vicki Schmidt represented by Tish Becker (KS); Sharon P. Clark and Vicki Lloyd (KY); James J. Donelon represented by Stewart Guerin (LA); Gary D. Anderson represented by Christopher Joyce (MA); Timothy N. Schott represented by Robert Wake (ME); Grace Arnold represented by Ben Slutsker (MN); Mike Causey represented by Jan Andrews (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 and John Tirado (NJ); Jennifer Catechis represented by Patrick Zeller (NM); Judith L. French represented by Dale Bruggeman (OH); Glen Mulready represented by Eli Snowbarger (OK); Elizabeth Kelleher Dwyer represented by John Tudino (RI); Michael Wise represented by Tom Baldwin (SC); Cassie Brown represented by Mike Arendall (TX); Jon Pike represented by Jake Garn (UT); Scott A. White represented by David Smith and Doug Stolte (VA); and Nathan Houdek represented by Mark McNabb (WI).

1. Adopted its 2022 Fall National Meeting Minutes

Eft made a motion, seconded by Crawford, to adopt the Task Force's Nov. 17, 2022, minutes (*see NAIC Proceedings – Fall 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 Jan. 31, 2023; Dec. 19, 2022; and Nov. 22, 2022; to approve several certified and reciprocal jurisdiction reinsurers for passporting. He noted that the Working Group will meet several more times during 2023.

Kaumann stated that the Working Group has now approved 55 reciprocal jurisdiction reinsurers and 41 certified reinsurers for passporting, and that 39 states have passported a reciprocal jurisdiction reinsurer. He noted that the list of passported reinsurers can be found on the Certified and Reciprocal Jurisdiction Reinsurer web page.

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

Rehagen stated that as part of the adoption of *Actuarial Guideline LIII—Application of the Valuation Manual for Testing the Adequacy of Life Insurer Reserves* (AG 53), the Valuation Analysis (E) Working Group was directed to assist in the targeted review of asset adequacy analysis related to modeling of business supported with projected high net yield assets. He noted that this work will involve reviewing reinsurance and that the work is only in the early stages.

Draft Pending Adoption

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, 2022, 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 noted that this process will be completed again during fall of 2023. Wake noted that on Feb. 24, the Bermuda Monetary Authority (BMA) issued a consultation paper on planned enhancements to their regulatory process and that NAIC staff provided this document to the Working Group and the Task Force. He stated that the document has not yet been fully reviewed but that any changes to the BMA's regulatory practices will be evaluated during the annual re-review of their status as a qualified and reciprocal jurisdiction.

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

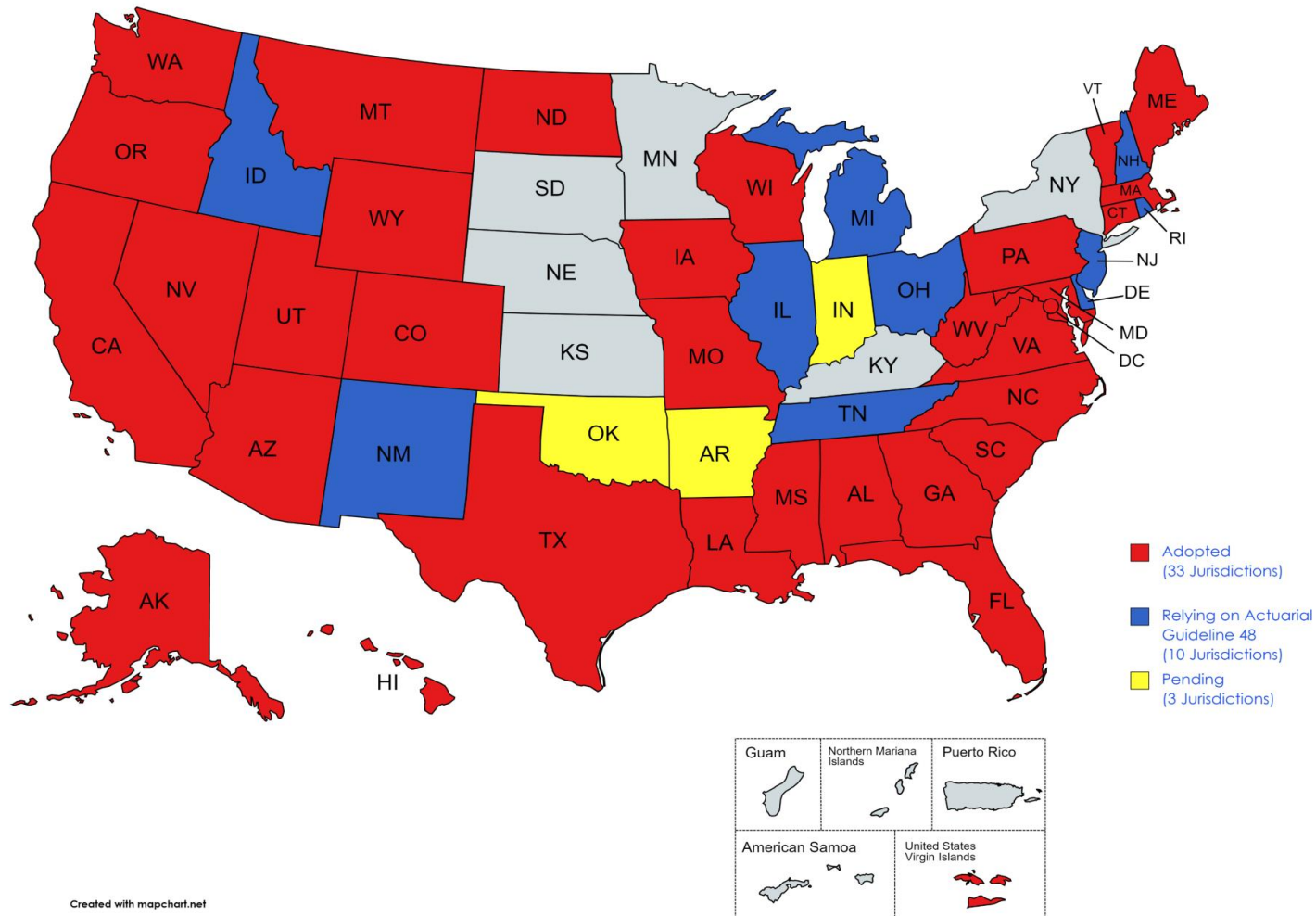
Jake Stultz (NAIC) stated that the *Term and Universal Life Insurance Reserve Financing Model Regulation* (#787) became an accreditation standard on Sept. 1, 2022, with enforcement beginning on Jan. 1. He noted that as of Feb. 22, 33 jurisdictions have adopted Model #787, with another three jurisdictions 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 11 states have advised NAIC staff that 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 the *Credit for Reinsurance Model Law* (#785). He stated that the map showing the current adoption status for Model #787 was included in the meeting materials (Attachment One).

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

NAICSupportStaffHub/Member Meetings/E CMTE/RTF/2023SpringNM/Meeting/Minutes/0 ReinsuranceTFmin 03.06.2023.docx

Implementation of Model #787 (XXX/XXX)
Term and Universal Life Insurance Reserve Financing Model Regulation
[status as of February 22, 2023]

Attachment One
Reinsurance (E) Task Force
3/6/23



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.