REINSURANCE (E) TASK FORCE

Reinsurance (E) Task Force July 25, 2022, Minutes
  Reinsurance (E) Task Force May 16, 2022, Minutes (Attachment One)
    Revisions to the Uniform Checklist for Reciprocal Jurisdiction Reinsurers (Attachment One-A)
    Email from Thomas Dawson (McDermott Will & Emery LLP) On Behalf of the International Underwriting Association of London (IUA) to Jake Stultz and Dan Schelp (NAIC), Dated April 22, 2022, Regarding Reinsurance (E) Task Force Exposure of Revisions to the Uniform Checklist for Reciprocal Jurisdiction Reinsurers (Attachment One-B)
  Reinsurance (E) Task Force Proposed 2023 Charges (Attachment Two)
  Implementation of the 2019 Revisions to the Credit for Reinsurance Model Law (#785) and Credit for Reinsurance Model Regulation (#786); Status as of July 21, 2022 (Attachment Three)
  Implementation of Model #787 (XXX/AXXX) Term and Universal Life Insurance Reserve Financing Model Regulation; Status as of July 8, 2022 (Attachment Four)

https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member_meetings/ecmte/rtf/2022summernm/minutes/rtf.7.25.2022.contents.docx
Draft Pending Adoption

Draft: 8/1/22

Reinsurance (E) Task Force
Virtual Meeting (in lieu of meeting at the 2022 Summer National Meeting)
July 25, 2022

The Reinsurance (E) Task Force met July 25, 2022. The following Task Force members participated: Chlora Lindley-Myers, Chair, and John Rehagen (MO); Chris Nicolopoulos, Vice Chair, represented by Doug Bartlett and Pat Gosselin (NH); Lori K. Wing-Heier represented by David Phifer (AK); Mark Fowler represented by Linda Wilson (AL); Alan McClain represented by Mel Anderson and Leo Liu (AR); Ricardo Lara represented by Monica Macaluso (CA); Michael Conway represented by Rolf Kaumn (CO); Andrew N. Mais represented by Wanchin Chou (CT); Trinidad Navarro represented by Ryllyn Brown (DE); David Altmaier represented by Robert Ridenour (FL); John F. King (GA); Doug Ommen represented by Daniel Mathis (IA); Vicki Schmidt represented by Tish Becker (KS); James J. Donelon represented by Tom Travis (LA); Gary D. Anderson represented by Christopher Joyce (MA); Timothy N. Schott and Robert Wake (ME); Troy Downing represented by Steve Matthews (MT); Mike Causey represented by Lori Gorman (NC); Jon Godfread represented by Patrick Hendrickson (ND); Eric Dunning represented by Jill Gleason (NE); Marlene Caride represented by Diana Sherman (NJ); Russell Toal (NM); Adrienne A. Harris represented by Ahmed Saleh (NY); Judith L. French represented by Dale Bruggeman (OH); Elizabeth Kelleher Dwyer represented by Ted Hurley (RI); Michael Wise represented by Daniel Morris (SC); Cassie Brown represented by Jamie Walker (TX); Jon Pike represented by Jake Garn (UT); Scott A. White represented by David Smith and Doug Stolte (VA); Kevin Gaffney represented by Karen Ducharme (VT); and Nathan Houdek represented by Mark McNabb (WI).

1. **Adopted its May 16 and Spring National Meeting Minutes**

   The Task Force met May 16 to adopt revisions to the *Uniform Checklist for Reciprocal Jurisdiction Reinsurers*. Superintendent Toal made a motion, seconded by Ms. Sherman, to adopt the Task Force’s May 16 (Attachment One) and March 22 minutes (*see NAIC Proceedings – Spring 2022, Reinsurance (E) Task Force*). The motion passed unanimously.

2. **Adopted its 2023 Proposed Charges**

   Ms. Macaluso made a motion, seconded by Mr. Phifer, to adopt the 2023 proposed charges of the Task Force and the Reinsurance Financial Analysis (E) Working Group (Attachment Two). The motion passed unanimously.


   Mr. 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 May 18 to approve one certified reinsurer and eight reciprocal jurisdiction reinsurers for passporting.

   Mr. Kaumann stated that the Working Group has now approved 22 reciprocal jurisdiction reinsurers for passporting and plans to meet several more times in 2022 as more applications are received. 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 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.
Mr. Kaumann made a motion, seconded by Mr. Wake, to adopt the Working Group’s report. 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 has met twice since the Spring National Meeting to work on group capital calculation (GCC) issues that are unrelated to the Task Force. He stated that the Working Group plans to meet later this year to reapprove the status of the seven existing qualified jurisdictions and the three reciprocal jurisdictions that are 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 *Bilateral Agreement Between the United States of America and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance* (UK Covered Agreement), collectively referred to as the Covered Agreements. He stated that NAIC staff established a due diligence review process in 2021 and provided a recommendation to the Working Group that the existing qualified jurisdictions and reciprocal jurisdictions not subject to a Covered Agreement should retain their status, and this recommendation was then adopted by the Working Group. He stated that the Working Group will perform this same review toward the end of 2022 and will report this to the Task Force at the Fall National Meeting. Mr. Wake stated that the Working Group would meet if there were any updates with the qualified jurisdiction review of the Republic of Korea.

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

Dan Schelp (NAIC) stated that as of July 21, 54 NAIC jurisdictions have adopted the 2019 revisions to the Credit for Reinsurance Model Law (#785), while one jurisdiction has action under consideration. He noted that since the maps were last published, the U.S. Virgin Islands were able to adopt their legislation and that American Samoa is considering issuing an order that would bring it into compliance with the Covered Agreements. He stated that 49 jurisdictions have adopted the revisions to the Credit for Reinsurance Model Regulation (#786) and that three jurisdictions currently have action pending. He noted that the remaining three jurisdictions will issue their regulations soon. He stated that he is optimistic that all NAIC jurisdictions will have their laws, regulations, or orders in place by Sept. 1. 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 Three).

Mr. Schelp stated that he has held discussions with the Federal Insurance Office (FIO) to talk about the status of the federal preemption reviews that were being conducted. He stated that the federal Dodd-Frank Wall Street Reform and Consumer Protection Act lays out a process that the FIO must go through before it can make any federal preemption determinations. He noted that the FIO has publicly praised the NAIC’s efforts, stating that the NAIC has made tremendous progress, and that each state has made a sincere effort to adopt the spirit of the models. He stated that the FIO is focusing its review on technical details in the law and regulation, and that there might need to be some clean-up made by the states after the reviews are completed. He noted that these have been constructive conversations with the FIO, and that the NAIC does not have reason for concern that this will lead to any federal preemption determinations. Mr. Schelp asked that if any state is contacted directly by the FIO, it should reach out to NAIC staff.

Mr. Schelp stated that after the law and regulation have been passed by the legislatures, there are several additional steps that must be completed. He noted that each state needs to establish a web page that contains the list of reciprocal jurisdictions and list of reciprocal jurisdiction reinsurers operating in its state. He noted that the NAIC List of Reciprocal Jurisdictions and NAIC List of Reciprocal Jurisdiction Reinsurers are posted on the Certified and Reciprocal Jurisdiction web page and on the Task Force’s web page. He added that NAIC staff have created a point of contact list of individual contacts in each state that reinsurers and consumers may contact if they have any questions on reciprocal jurisdiction reinsurers. He noted that NAIC staff will contact states that have...
Draft Pending Adoption

not created their web page to assist in the process. Mr. Schelp recommended that if a state approves a reciprocal jurisdiction reinsurer that is not intended to be passported, the information should still be sent to the Reinsurance Financial Analysis (E) Working Group, which will collect this information to maintain uniformity in the reviews of the reinsurers and to ensure compliance with the Covered Agreements.

6. **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) becomes an accreditation standard on Sept. 1, with enforcement beginning on Jan. 1, 2023. He noted that as of July 8, 20 jurisdictions have adopted Model #787, with another four 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 Four) 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. He added that if a state adopts Model #787, it also will need to adopt Section 5B(4) of Model #785.

Mr. Schelp stated that some states are using AG 48 and will issue an insurance bulletin to announce this practice. He added that the map will later be updated to reflect states that are adopting in this manner.

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

https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member Meetings/E CMTE/RTF/2022SummerNM/Minutes/ReinsuranceTFmin 07.25.2022.docx
The Reinsurance (E) Task Force met May 16, 2022. The following Task Force members participated: Chlora Lindley-Myers, Chair, and John Rehagen (MO); Chris Nicolopoulos, Vice Chair, represented by Pat Gosselin (NH); Jim L. Ridling represented by Jennifer Haskell (AL); Alan McClain represented by Leo Liu (AR); Ricardo Lara represented by Monica Macaluso (CA); Michael Conway represented by Rolf Kaumann (CO); Andrew N. Mais represented by Joel Henry (CT); David Altmaier 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); James J. Donelon represented by Stewart Guerin (LA); Gary D. Anderson represented by John Turchi (MA); Kathleen A. Birrane represented by Lynn Beckner (MD); Timothy N. Schott represented by Robert Wake (ME); Mike Causey represented by Jackie Obusek (NC); Jon Godfrey represented by Matt Fischer (ND); Eric Dunning represented by Lindsay Crawford (NE); Marlene Caride represented by Diana Sherman and John Tirado (NJ); Adrienne A. Harris represented by Michael Campanelli (NY); Judith L. French represented by Dale Bruggeman (OH); Alexander S. Adams Vega represented by Brenda Perez (PR); Elizabeth Kelleher Dwyer represented by Ted Hurley (RI); Michael Wise represented by Daniel Morris (SC); Cassie Brown represented by Jamie Walker (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. Exposed Revisions to the Uniform Checklist

Mr. Rehagen stated that the Reinsurance Financial Analysis (E) Working Group met March 3 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to discuss the revisions to the Uniform Checklist for Reciprocal Jurisdiction Reinsurers (Uniform Checklist). The Working Group also met March 14 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings. Then, the Working Group conducted an e-vote to adopt the draft revisions to the Uniform Checklist. The Task Force met March 22 to expose the Uniform Checklist (Attachment One-A) for a 30-day public comment period.

Mr. Rehagen stated that one comment letter was received from the International Underwriting Association of London (IUA) (Attachment One-B). He stated that the comment letter did not propose revisions to the exposed document but included comments on the procedural usage of Schedule F and Schedule S data when analyzing potential reciprocal jurisdiction reinsurers. He noted that when performing a review, NAIC staff will complete a slow-pay analysis with respect to U.S. domiciled insurers by reviewing their Schedule F and Schedule S. For reinsurers that are domiciled outside the U.S., the reciprocal jurisdiction reinsurers are to file Form CR-F and Form CR-S, which are the same documents that are now required for certified reinsurers. Mr. Rehagen stated that this is consistent with the new ReFAWG Review Process for Passorting Certified and Reciprocal Jurisdiction Reinsurers. He stated that during the review of reciprocal jurisdiction reinsurers, Schedule F and Schedule S data will be used to review U.S. claims, and if there is an issue with slow payment of U.S. claims, the reviewers will request information directly from the reinsurer or its supervisor.

Mr. Kaumann made a motion, seconded by Ms. Crawford, to adopt the revisions to the Uniform Checklist. The motion passed unanimously.

Mr. Rehagen stated that NAIC staff have created a point-of-contact list that is included on the Certified and Reciprocal Jurisdiction Reinsurers web page, which includes a single best contact for each state for any issues.
regarding reciprocal jurisdiction reinsurers and certified reinsurers. He requested that each state provide their point of contact person to Jake Stultz (NAIC).

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

https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member Meetings/E CMTE/RTF/2022SummerNM/Minutes/1 ReinsuranceTFmin 05.16.2022.docx
### Uniform Checklist for Reciprocal Jurisdiction Reinsurers

#### Reciprocal Jurisdiction Reinsurer Information:
- **Company Name:**
- **Address:**
- **Primary Contact:**
- **Domiciliary Jurisdiction / Supervisory Authority:**
- **Applicable Lines of Business:**

#### 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>
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<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; • A U.S. jurisdiction that meets the requirements for accreditation under the NAIC Financial Standards and Accreditation Program; • A Qualified Jurisdiction that has been determined by the commissioner to meet all applicable requirements to be a Reciprocal Jurisdiction.</td>
<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</td>
<td>✔</td>
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</table>
## Uniform Checklist for Reciprocal Jurisdiction Reinsurers

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

<table>
<thead>
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<tr>
<td>Model #785 §2F(1)(b)</td>
<td>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>
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<td>• No less than $250,000,000 (USD); or</td>
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<td>• If the assuming insurer is an association, including incorporated and individual unincorporated underwriters:</td>
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<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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<td>• A central fund containing a balance of the equivalent of at least $250,000,000 (USD).</td>
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<td>Model #786 § 9C(7)</td>
<td>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.</td>
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<tr>
<td>Model #785 §2F(1)(g)</td>
<td>Minimum Solvency or Capital Ratio: The assuming insurer must have and maintain on an ongoing basis a minimum solvency or capital ratio.</td>
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<td>• The ratio specified in the applicable in-force Covered Agreement where the assuming insurer has its head office or is domiciled; or</td>
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<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>
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### Uniform Checklist for Reciprocal Jurisdiction Reinsurers

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| Model #786 § 9C(7)                 | • 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.  

*The assuming insurer’s supervisory authority must confirm to the commissioner on an annual basis that the assuming insurer complies with this requirement.* | | |
| Model #785 §2F(1)(g)               | 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.] | | Form RJ-1 |
| Model #786 § 9C(4)                 | 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 Reciprocal Jurisdiction Reinsurer shall provide this information if requested by the commissioner consistent with the requirements of Model #785 & Model #786.  

NAIC staff will perform a review of Schedules F and S filed by U.S. domiciled ceding insurers.  

Applicants domiciled in the U.S. must provide the most recent NAIC Annual Statement Blank Schedule F |
| Model #785 §2F(1)(d)               | | | |
| Model #786 § 9C(5)                 | | | |
| Model #785 §2F(1)(e)               | | | |
| Model #786 § 9C(5)(d)              | | | |
### Uniform Checklist for Reciprocal Jurisdiction Reinsurers

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

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<td>the assuming insurer, and reinsurance recoverable on paid and unpaid losses by the assuming insurer. <strong>This is for purposes of evaluating Prompt Payment of Claims.</strong></td>
<td></td>
<td>(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.</td>
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**Prompt Payment of Claims:**

The assuming insurer must maintain a practice of prompt payment of claims under reinsurance agreements. The lack of prompt payment will be evidenced if any of the following criteria is met:

- More than fifteen percent (15%) of the reinsurance recoverables from the assuming insurer are overdue and in dispute as reported to the commissioner;

- More than fifteen percent (15%) of the assuming insurer’s ceding insurers or reinsurers have overdue reinsurance recoverable on paid losses of 90 days or more which are not in dispute and which exceed for each ceding insurer $100,000, or as otherwise specified in a Covered Agreement; or

- The aggregate amount of reinsurance recoverable on paid losses which are not in dispute, but are overdue by 90 days or more, exceeds $50,000,000, or as otherwise specified in a Covered Agreement.

**The calculation for Prompt Payment of Claims is based upon the total global claims of the Reciprocal Jurisdiction Reinsurer, and not based solely on U.S. claims. NAIC staff will perform a slow-pay analysis based upon filings of Schedule F by U.S. domiciled ceding insurers with respect to property reinsurance. The level of detail required to perform a slow pay analysis does not exist in Schedule S with respect to life reinsurance. The Lead State should attempt to obtain this information directly from the Reciprocal Jurisdiction Reinsurer and/or its supervisor.**

**Fee:**

[Insert $ amount of the fee applicable in this state.]
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.

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:

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<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></td>
<td>Form RJ-1</td>
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<tr>
<td>Model #785 §2F(3)</td>
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<tr>
<td>Model #786 § 9E(1)</td>
<td><strong>Lead State:</strong> 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></td>
<td><em>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.</em></td>
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<td><strong>Fee:</strong> [Insert $ amount of the fee applicable in this state.]</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 Reciprocal Jurisdiction 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.
Dear Messrs. Stultz and Schelp,

Many thanks for the opportunity to submit brief comments on the proposed revised Uniform Checklist for Reciprocal Jurisdiction Reinsurers (the “Revised Checklist”). We do so on behalf of the International Underwriting Association of London (IUA). In sum, the IUA believes that the last round of changes to the Revised Checklist should assist regulators in reviewing and analyzing new and renewal reciprocal reinsurer applications.

Having said this, IUA members hope that while reliance on the CR-F/CR-S reporting forms (which we believe have worked well in the certified reinsurer context) and NAIC Staff’s proposed reviews of U.S. reinsurers’ Schedules F and S will help to quickly surface any “disputed and overdue reinsurance claims [from U.S. cedents] outstanding for 90 days or more,” IUA members also hope that the CR-F/CR-S reports and Schedules F and S information are used primarily in a way that help establish that the non-U.S. reinsurer has or has not breached any of the prompt payment of claims metrics set forth in the Revised Checklist.

If instead the Schedules F and S data are used to try to reconcile to the penny ceding insurers’ books with reciprocal reinsurers’ books, without also applying a de minimis standard to eliminate inevitable minor differences that are always present for a variety of reasons, all parties concerned (and including reinsurance brokers as well) could experience considerable frustration, particularly given the increased complexity of Schedules F and S that must now capture a wider array of ceded reinsurance information than ever before (e.g. as to cessions with collateral in the form of funds withheld, single cedent trusts, LOCs or multi-beneficiary reinsurance trusts, reduced collateral for certified reinsurance and now zero collateral for reciprocal reinsurance).

We would be happy to further discuss or to answer any questions that you or colleagues may have. Again, the IUA much appreciates the opportunity to comment.

Yours sincerely,

Tom Dawson

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REINSURANCE (E) TASK FORCE
2023 Proposed Charges

The mission of the Reinsurance (E) Task Force is to monitor and coordinate activities and areas of interest that overlap to some extent the charges of other NAIC groups—specifically, the International Insurance Relations (G) Committee.

1. The Reinsurance (E) Task Force will:
   
   A. Provide a forum for the consideration of reinsurance-related issues of public policy.
   C. Monitor the implementation of the 2011, 2016 and 2019 revisions to the Credit for Reinsurance Model Law (#785); and the 2011 and 2019 revisions to the Credit for Reinsurance Model Regulation (#786) and the Term and Universal Life Insurance Reserve Financing Model Regulation (#787).
   D. Communicate and coordinate with the Federal Insurance Office (FIO), other federal authorities, and international regulators and authorities on matters pertaining to reinsurance.
   E. Consider any other issues related to the revised Model #785, Model #786 and Model #787.
   F. Monitor the development of international principles, standards and guidance with respect to reinsurance. This includes, but is not limited to, monitoring the activities of various groups within the International Association of Insurance Supervisors (IAIS), including the Reinsurance and Other Forms of Risk Transfer Subcommittee, the Reinsurance Mutual Recognition Subgroup and the Reinsurance Transparency Group.
   G. Consider the impact of reinsurance-related federal legislation, including, but not limited to, the federal Nonadmitted and Reinsurance Reform Act (NRRA) and the Federal Insurance Office Act, and coordinate any appropriate NAIC action.
   H. Continue to monitor the impact of reinsurance-related international agreements, including 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” (UK Covered Agreement).

The Reinsurance Financial Analysis (E) Working Group will:

1. Operate in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings and operate in open session when discussing certified reinsurance topics and policy issues, such as amendments to the Uniform Application for Certified Reinsurers.
2. Provide advisory support and assistance to states in the review of reinsurance collateral reduction applications. Such a process with respect to the review of applications for reinsurance collateral reduction and qualified jurisdictions should strengthen state regulation and prevent regulatory arbitrage.
3. Provide a forum for discussion among NAIC jurisdictions of reinsurance issues related to specific companies, entities or individuals.
4. Support, encourage, promote and coordinate multistate efforts in addressing issues related to certified reinsurers, including, but not limited to, multistate recognition of certified reinsurers.
5. Provide analytical expertise and support to the states with respect to certified reinsurers and applicants for certification.
6. Provide advisory support with respect to issues related to the determination of qualified jurisdictions.
7. Ensure the public passporting website remains current.
8. For reinsurers domiciled in Reciprocal Jurisdictions, determine the best and most effective approaches for the financial solvency surveillance to assist the states in their work to protect the interests of policyholders.

https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member meetings/e cmte/rtf/2022summernm/minutes/2 2023 proposed charges.docx
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Implementation of the 2019 Revisions to the Credit for Reinsurance Model Regulation #786 [status as of July 21, 2022]

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