Statutory Accounting Principles (E) Working Group

**Maintenance Agenda Submission Form**

**Form A**

## **Issue: Disclosure Update for Reciprocal Jurisdiction Reinsurers**

**Check (applicable entity):**

 P/C Life Health

Modification of Existing SSAP [x]  [x]  [x]

New Issue or SSAP [ ]  [ ]  [ ]

Interpretation [ ]  [ ]  [ ]

Description of Issue:

On June 25, 2019, NAIC Executive Committee and Plenary adopted revisions to the *Credit for Reinsurance Model Law* (#785) and the *Credit for Reinsurance Model Regulation* (#786) to incorporate relevant provisions from the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance” and the “Bilateral Agreement Between the United States of America and the United Kingdom Regarding Insurance and Reinsurance” (collectively referred to as the Covered Agreement). The purpose of this agenda item is to revise one disclosure in *SSAP No. 62R— Property and Casualty Reinsurance* to reference “reciprocal jurisdictions.”

Existing Authoritative Literature:

The *Credit for Reinsurance Model Law* (#785) and the *Credit for Reinsurance Model Regulation* (#786), as they are adopted by the states are the primary legal guidance for credit for reinsurance.

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups): Revisions to Appendix A-785 were exposed at the Summer National Meeting, and a Blanks proposal will be exposed at the Reinsurance (E) Task Force at the Fall National Meeting and by the Blanks (E) Working Group after the Fall National Meeting.

**Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:**

None.

**Convergence with International Financial Reporting Standards (IFRS):** None.

Staff Recommendation:

NAIC Staff recommends that the Working Group move this item to the active listing, categorized as nonsubstantive and expose revisions SSAP No. 62R to incorporate disclosure updates for reinsurers from Reciprocal Jurisdictions. The proposed revisions are illustrated below:

1. Unsecured Reinsurance Recoverables:
2. If the entity has with any individual reinsurers, authorized, reciprocal jurisdiction, unauthorized, or certified an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses, and unearned premium, that exceeds 3% of the entity’s policyholder surplus, list each individual reinsurer and the unsecured aggregate recoverable pertaining to that reinsurer; and

Staff Review Completed by: Jake Stultz—July 2019

Status:

On December 7, 2019, the Statutory Accounting Principles (E) Working Group moved this agenda item to the active listing, categorized as nonsubstantive, and exposed revisions to *SSAP No. 62R—Property and Casualty Reinsurance*, as illustrated above, to incorporate disclosure updates for reinsurers from Reciprocal Jurisdictions.

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