



4 October 2019

VIA EMAIL to jstultz@naic.org and dschelp@naic.org

Reinsurance Task Force at the National Association of Insurance Commissioners
1100 Walnut Street
Suite 1500
Kansas City, MO 64106-2197

RE: Qualified Jurisdiction (E) Working Group: Notice of Exposures - Process for Evaluating Qualified and Reciprocal Jurisdictions (the “Exposure”)

The Bermuda International Long Term Insurers and Reinsurers (“**BILTIR**”) thanks the National Association of Insurance Commissioners (“**NAIC**”)’s Qualified Jurisdiction (E) Working Group (“**QJWG**”) for its commendable work. The following comments are submitted by BILTIR, on behalf of our member companies, regarding the Exposure.

BILTIR was formally incorporated on June 9, 2011 and represents 63 companies. BILTIR is committed to supporting the long-term insurance and reinsurance industry’s growth and success in Bermuda and globally.

We have outlined the thoughts and comments of our BILTIR members to the Exposure below.

Section	Comment
Delay in re-approving Bermuda, Switzerland, and Japan as Qualified Jurisdictions (general comment)	<p>The QJWG’s delay in exposing the Qualified Jurisdiction (“QJ”) status of the non-covered-agreement countries arguably is not consistent with the NAIC’s commitment to try to achieve parity. On one hand it is understandable that the NAIC would wait to assess QJ’s status and Reciprocal Jurisdiction status at the same time. On the other hand, the process to re-approve Bermuda, Japan, and Switzerland as QJ’s is not very onerous. Likewise, since there could be unexpected developments during updating of the process or related workstreams, setting the re-designation process in motion would be worthwhile.</p> <p>Consideration should be given to moving forward with QJWG re-approval for all jurisdictions, rather than just those under a covered agreement.</p>
Switch from 5-year to 1-year review (page 13)	<p>While this change may create additional regulatory burdens, we are operating on the assumption that the regulators’ intent is to make the designation process more regular rather than to create additional process.</p> <p>We ask the NAIC to ensure that the diligence related to the annual process not be overly burdensome, since the process will now be more frequent.</p>
Ambiguity regarding regulatory authority (page 14)	<p>Page 14 of the Exposure contains some inartful drafting. The language in paragraph 13.c.iii does not confirm whom a group will be “subject only to worldwide prudential insurance group supervisions ...”</p> <p>One clarifying approach would be as follows:</p> <p>The QJ must recognize the U.S. state regulatory approach to group supervision and group capital, by providing written confirmation by its</p>



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	<p>competent regulatory authority that insurers and insurance groups that are domiciled or maintain their headquarters in this state or another jurisdiction accredited by the NAIC shall be subject only to worldwide prudential insurance group supervision including worldwide group governance, solvency and capital, and reporting, as applicable, <u>from the U.S. national state-based system of regulation</u>, and will not be subject to group supervision at the level of the worldwide parent undertaking of the insurance or reinsurance group by the QJ...</p> <p>If a change is made in 13.c.ii, a corresponding change should be made in 13.d on page 15, regarding the confirming letter provided by a Reciprocal Jurisdiction.</p>
Characterization of "Exemption" (page 14)	<p>Page 14, paragraph 13.c.v refers to collateral relief through the Reciprocal Jurisdiction process as an "exemption" however in our view the collateral relief is better thought of as one of the ways to qualify for full credit for reinsurance. Reference to the Reciprocal Jurisdiction provisions as an "exemption" mischaracterizes the basis for collateral relief as an exception to the rule rather than an avenue specifically contemplated as a way to get credit for reinsurance cessions.</p> <p>Consider referring to the collateral relief as "qualifying for credit for reinsurance," rather than an "exemption."</p>

We look forward to working with the NAIC's QJWG further in this regard.

Sincerely,

Copy to: BILTIR Board of Directors