

October 11, 2019

Director Chlora Lindley-Myers, Chair
Reinsurance (E) Task Force
National Association of Insurance Commissioners
c/o Mr. Jake Stultz
Via e-mail jstultz@naic.org

Re: NAIC Request for Comments on NAIC Exposure Draft of Accreditation Standard Relating to the Credit for Reinsurance Model Law/Regulation

Dear Director Lindley-Myers:

The Reinsurance Association of America (RAA), the American Property and Casualty Insurance Association (APCIA) and the National Association of Mutual Insurance Companies (NAMIC) appreciate the opportunity to submit comments on the NAIC's Exposure Draft of Accreditation Standard Relating to the Credit for Reinsurance Model Law/Regulation.¹

Swift implementation of the 2019 changes to the NAIC Credit for Reinsurance Model Law and Regulation is critical to the U.S.'s commitments under the U.S./EU and U.S./UK covered agreements, as well as to provide the opportunity to extend equal collateral treatment to other reinsurers from other jurisdictions that meet the requirements specified in the revised Model Law/Regulation. We support prompt action by the NAIC to make the 2019 Credit for Reinsurance Model Law/Regulation accreditation requirements. Accreditation is an important tool to support efforts to spur legislative action. Where there is a looming threat of federal preemption as the result of the commitments in the two in-force covered agreements, the NAIC should use every available resource to urge implementation by the states within the required time frame.

¹ The Reinsurance Association of America (RAA) is a national trade association representing reinsurance companies doing business in the United States. RAA membership is diverse, including reinsurance underwriters and intermediaries licensed in the U.S. and those that conduct business on a cross-border basis. The RAA also has life reinsurance affiliates.

Representing nearly 60 percent of the U.S. property casualty insurance market, the American Property Casualty Insurance Association (APCIA) promotes and protects the viability of private competition for the benefit of consumers and insurers. APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association. APCIA members represent all sizes, structures, and regions, which protect families, communities, and businesses in the U.S. and across the globe.

NAMIC membership includes more than 1,400 member companies. The association supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers. NAMIC member companies write \$268 billion in annual premiums. Our members account for 59 percent of homeowners, 46 percent of automobile, and 29 percent of the business insurance markets. Through our advocacy programs we promote public policy solutions that benefit NAMIC member companies and the policyholders they serve and foster greater understanding and recognition of the unique alignment of interests between management and policyholders of mutual companies.

The proposed changes to the accreditation standard appear to fully incorporate the 2019 changes to the NAIC Credit for Reinsurance Model Law and Regulation. In addition, we understand the Task Force recommendation setting October 1, 2022 as the effective date for this accreditation standard, with reviews of this part of the accreditation standard to begin on January 1, 2023. October 1, 2022 is the date on which preemption of U.S. state laws may begin in accordance with the U.S./EU and U.S./UK covered agreements. However, we ask the Task Force to consider whether an expedited process and an earlier date that would allow some review before the deadline for preemption arrives is more appropriate in this context. This is particularly true because the Federal Insurance Office must begin a preemption analysis 42 months after the date of signature of the U.S./EU covered agreement, or April 2, 2021. For this reason, we suggest that the effective date for the accreditation standard should be April 2, 2021.

Conclusion

We appreciate the opportunity to offer comments and work with the NAIC on the Accreditation Standard Relating to the Credit for Reinsurance Model Law/Regulation. Please do not hesitate to contact us with any questions or concerns.

Sincerely,

Reinsurance Association of America (RAA)
American Property Casualty Insurance Association (APCIA)
National Association of Mutual Insurance Companies (NAMIC)