

May 26, 2020

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 Uniform Checklist for Reciprocal Reinsurers

Dear Director Lindley-Myers:

The Reinsurance Association of America (RAA) and the Lloyd's market appreciate the opportunity to submit comments on the NAIC's Exposure Draft of the Uniform Checklist for Reciprocal Reinsurers. 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. The Lloyd's market is one of the largest non-U.S. domiciled sources of reinsurance capacity to the U.S. insurance industry. In 2019, Lloyd's underwriters assumed over \$5.96 billion in reinsurance premiums from U.S. cedants.

We appreciate the continued work of the Task Force to implement the 2019 changes to the NAIC Credit for Reinsurance Model Law and Regulation. This process is critical to honoring the U.S.'s commitments under the U.S./EU and U.S./UK covered agreements, as well as to providing the opportunity to extend equal treatment to other reinsurers from other jurisdictions that meet the requirements specified in the revised Model Law/Regulation.

Section I: Filing Requirements for "Lead State" of Reciprocal Jurisdiction Reinsurer

The use of the term "lead state" in this context may cause confusion, as the model and state holding company acts use a lead state concept that is different than the concept reflected here. Perhaps the phrase "Primary State" or "Lead Submission State" could be used to differentiate this term from the lead state concept in other contexts.

Status of Reciprocal Jurisdiction: It would be helpful if the checklist could make clear what reference and supporting documents would be required for this element. Would it be sufficient for the applicant to submit a statement that it is domiciled in a reciprocal jurisdiction? Would the applicant be required to submit a copy of the covered agreement? Would the reference to the applicant's domiciliary jurisdiction on the top of the checklist be sufficient?

Form RJ-1: To the extent that this form will resemble Form CR-1, our members may have some comments. We respectfully request that a draft of the form be released for public comment.

Financial Regulatory Filings: As drafted, the checklist appears to take language from the model regulation that gives a commissioner the discretion to ask for more information and elevate those items to regulatory requirements. The model regulation indicates that the reinsurer must provide the information in Model #786 9C(5) “if requested by the commissioner.” The checklist should be amended to reflect the “only on request” nature of these items. In general, regulators are unlikely to need the “on request” information for most applicants. The discretion to request additional information would allow a regulator to dig deeper into applicants where there is a question or concern. This provision should not be converted to a requirement that applies broadly.

In addition, the reference on page 3 to “prior to entry into the reinsurance agreement” is confusing when considered in reference to large global reinsurers that enter into many reinsurance agreements and make annual reciprocal jurisdiction reinsurer filings. We suggest removing that phrase from the uniform checklist.

Section III: Interaction Between Certified Reinsurers and Reciprocal Jurisdiction Reinsurers.

In addition to the information contained in this section, it is clear that some states will adopt the revised model laws and regulations before other states adopt them. This has already occurred. The checklist should include information about how passporting will work if the “Lead State” (proposed “Primary State”) has adopted the revised model law and regulation and other passporting states have not adopted it.

Lastly, in conjunction with the release of the final version of the uniform checklist, we urge the NAIC to develop and host training sessions for state reviewers so that we can achieve more operational uniformity. Uniform implementation of these rules is crucial to assure that all parties receive equal treatment and equal benefits from their application.

Conclusion

We appreciate the opportunity to offer comments and work with the NAIC on the Exposure Draft of the Uniform Checklist for Reciprocal Reinsurers. Please do not hesitate to contact us with any questions or concerns.

Sincerely,



Karalee C. Morell
Reinsurance Association of America



Sabrina Miesowitz
Lloyd's