

Robert Wake
Chair of the Mutual Recognition of Jurisdictions (E) Working Group
[via-email: ddaveline@naic.org and jstultz@naic.org]

August 20, 2021

Re: Comments on the Draft Process for Evaluating Jurisdictions that Recognize and Accept the Group Capital Calculation

Dear Mr. Wake:

The undersigned U.S. based insurance groups appreciate the opportunity to comment on the Draft Process for Evaluating Jurisdictions that Recognize and Accept the Group Capital Calculation (Draft Process). We support the Draft Process and believe it provides a fair, transparent, and efficient process for evaluating jurisdictions that is consistent with the Model Insurance Holding Company System Regulatory Act and Regulation.

We offer the following suggested changes that we believe will clarify the Draft Process:

1. The Draft Process does not include a section on “review of the evaluation materials”, which is included in the NAIC’s *Process for Evaluating Qualified and Reciprocal Jurisdictions*. We believe a streamlined section providing for the use of consultants as appropriate and making them subject to confidentiality should be included in the Draft Process.
2. In Section 5 (“Other Jurisdictions that Recognize and Accept”), we believe all of the criteria in subparagraphs (a) through (d) must be met in order for a non-U.S. jurisdiction to be deemed to “recognize and accept” the GCC. To clarify the intent, we recommend the following edit to the Section 5 lead paragraph:

*“5. **Other Jurisdictions that Recognize and Accept.** In addition, because most of the requirements for Reciprocal Jurisdiction status are not relevant to group capital and group supervision, Section 4L(2)(d) of Model #440 provides an alternative pathway for the exemption. The ultimate controlling person of an insurance holding company system whose non-U.S. group-wide supervisor is not in a Reciprocal Jurisdiction is exempted from filing the GCC as long as the jurisdiction of its group-wide supervisor “recognizes and accepts” the GCC, as specified by the commissioner in regulation. Section 21D of Model #450 provides that a non-U.S. jurisdiction is considered to “recognize and accept” the GCC if it satisfies **all of** the following criteria:”.*

3. Section 8.(d). includes the following:

“Once the Working Group has finally adopted the Summary of Findings and Determination in open session after opportunity for public comment, it will submit the summary of its findings and its recommendation to the Financial Condition (E) Committee at an open meeting. Upon approval by the Committee, the summary and recommendation will be submitted to the Executive (EX) Committee and Plenary, as well as to the Federal Insurance Office (FIO),

*United States Trade Representative (USTR) and other relevant federal authorities **for consultation purposes.***”

We recommend that the highlighted text be revised to state, “for informational purposes,” as the NAIC will have executed its work and made a determination by this point of the evaluation.

4. Section 10: The last sentence before the sub-parts seems to be incomplete. We suggest adding the highlighted text as follows: “*The process outlined in this Paragraph will also apply to a jurisdiction that is a Reciprocal Jurisdiction by virtue of a covered agreement, if the Mutual Recognition of Jurisdictions (E) Working Group has determined that **a case-by-case review of the jurisdiction is warranted.***”
5. Section 13
 - The Draft Process should clarify how the steps under Sections 8, 9, and 10 apply in the case of assessing whether a Recognize and Accepts jurisdiction requires subgroup reporting.
 - Also, it appears that the List will indicate whether a Recognize and Accepts jurisdiction requires subgroup reporting with a "yes" / "no" type approach, but it would be helpful if the process was explicit on how this information will be presented.
6. Similar to the second comment above on Section 13, Section C of the Appendix should clarify how a determination on subgroup reciprocity will be presented on the List (e.g., a “yes” / “no” type approach).
7. Section 14(c): We request that the Working Group amend this section to clarify that it will also give due consideration to any notice provided by the U.S.-based insurance group’s lead state commissioner. We suggest this section be amended as follows: “*The Mutual Recognition of Jurisdictions (E) Working Group will also give due consideration to any notice from a U.S.-based insurance group **or its lead state commissioner that the group ~~it~~** has been required to perform a group capital calculation, at either the group-wide or subgroup level, in a jurisdiction on the “Recognize and Accept” List.*”

Thank you for the opportunity to provide these comments. We would be happy to discuss these recommendations.

Sincerely,

Berkshire Hathaway Group of insurance companies
Liberty Mutual Insurance Group
MetLife, Inc.
Odyssey Reinsurance Company
Prudential Financial, Inc.
Reinsurance Group of America, Incorporated
The Travelers Companies, Inc.