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VIA EMAIL

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Jane Koenigsman
Life/Health Financial Analysis Manager
National Association of Insurance Commissioners
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Suite 1500
Kansas City, MO 64106-2197
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**Re: NAIC Receivership Model Law (E) Working Group Survey of State
Receivership Laws**

Dear Ms. Koenigsman:

Thank you for the opportunity to provide input on the NAIC Receivership Model Law (E) Working Group's request for comments on its survey of state receivership laws and practices.

The 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 US and those that conduct business on a cross border basis. The RAA also has life reinsurance company affiliates.

The RAA applauds the working group for its focus on the International Monetary Fund's Financial Sector Assessment Program. Comparison of the U.S. state insurance resolution regime to the Financial Stability Board's *Key Attributes of Effective Resolution Regimes for financial Institutions* provides an opportunity for the NAIC to simultaneously modernize certain aspects of U.S. receivership law while also pointing out differences that demonstrate the strength of the U.S. system. The NAIC must continue to engage in the current international and federal standard-setting dialogue and the working group's survey provides a solid foundation for identifying areas for state legislative or regulatory focus.

The RAA generally favors uniformity across the U.S. state-based system of insurance regulation. A uniform approach allows reinsurers more confidence in their contractual wording and provides for efficiencies in compliance. Uniformity is particularly important when you consider that a perceived lack of uniformity in certain areas can give rise to federal intervention or serve as

justification for the U.S. system not being recognized as effective regulation abroad – resulting in disadvantages for U.S. companies.

Of particular note in the survey is the lack of uniformity related to stays and early termination rights in qualified financial contracts.

The survey shows the need for more consistency in the treatment of certain qualified financial contracts and netting agreements. Aligning receivership laws nationwide with the provisions in IRMA Section 711 will provide more certainty to parties in receivership, reduce insurer hedging costs, improve access to financial markets and address a *Key Attribute*.

The RAA also believes the lack of uniformity related to stays hinders the very purpose for their existence – to give the receiver time to evaluate the insurer’s position and determine the course of action to be taken – and introduces unnecessary uncertainty for both debtors and creditors of the estate which could lead to increased litigation. This is true for general receivership stays as well as stays specifically related to qualified financial contracts.

Finally, although not specifically brought out in the survey, the RAA believes increased uniformity in the area of reinsurers’ liability is an appropriate item for the Working Group to discuss – specifically sections 611 and 612 of the NAIC’s Insurer Receivership Model Act. Because reinsurance is often the largest asset of a receivership estate, certainty regarding reinsurers’ rights and obligations is important for all stakeholders. However, any discussion in this regard should recognize any necessary language changes to ensure that a receiver does not have the ability to compel payment from a reinsurer based on estimates of incurred but not reported (IBNR) reserves.

Thank you again for your consideration of these comments. The RAA looks forward to continuing to work with the Receivership and Insolvency Task Force and all its working groups. If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew Wulf", with a long horizontal flourish extending to the right.

Matthew Wulf
Vice President, State Relations
and Assistant General Counsel