



Draft date: 12/4/25

*2025 Fall National Meeting  
Hollywood, Florida*

## **REINSURANCE (E) TASK FORCE**

Tuesday, December 9, 2025

11:45 a.m. – 12:45 p.m.

Diplomat Convention Center—Grand Ballroom West—Level 2

## **ROLL CALL**

### **NAIC Member**

Ricardo Lara, Chair  
Angela L. Nelson, Vice Chair  
Mark Fowler  
Heather Carpenter  
Peter M. Fuimaono  
Jimmy Harris  
Michael Conway  
Jared Kosky  
Trinidad Navarro  
Michael Yaworsky  
Michelle B. Santos  
Scott Saiki  
Holly W. Lambert  
Doug Ommen  
Vicki Schmidt  
Sharon P. Clark  
Timothy J. Temple  
Robert L. Carey  
Michael T. Caljouw  
Grace Arnold  
Mike Chaney  
Remedio C. Mafnas  
Ned Gaines  
D.J. Bettencourt  
Justin Zimmerman  
Kaitlin Asrow  
Mike Causey  
Jon Godfread  
Judith L. French  
Glen Mulready  
TK Keen

### **Representative**

Monica Macaluso, Chair  
John Rehagen, Vice Chair  
Todrick Burks/Richard Russell  
David Phiher  
Peter M. Fuimaono  
Mel Anderson  
Rolf Kaumann  
Wanchin Chou  
Nicole Brittingham  
Jane Nelson  
Michelle B. Santos  
Scott Saiki  
Roy Eft  
Kim Cross  
Tish Becker  
Vicki Lloyd  
Timothy J. Temple  
Robert Wake  
Christopher Joyce  
Ben Slutsker  
Chad Bridges  
Remedio C. Mafnas  
Ned Gaines  
Ned Cataldo  
Justin Zimmerman  
Kaitlin Asrow  
Jacqueline Obusek  
Matt Fischer  
Dale Bruggeman  
Eli Snowbarger  
Paul Throckmorton

### **State/Territory**

California  
Missouri  
Alabama  
Alaska  
American Samoa  
Arkansas  
Colorado  
Connecticut  
Delaware  
Florida  
Guam  
Hawaii  
Indiana  
Iowa  
Kansas  
Kentucky  
Louisiana  
Maine  
Massachusetts  
Minnesota  
Mississippi  
N. Mariana Islands  
Nevada  
New Hampshire  
New Jersey  
New York  
North Carolina  
North Dakota  
Ohio  
Oklahoma  
Oregon

## 2025 NAIC FALL NATIONAL MEETING

### NAIC Member

Michael Humphreys  
Michael Wise  
Cassie Brown  
Tregenza A. Roach  
Jon Pike  
Scott A. White  
Nathan Houdek

### Representative

Diana Sherman  
Ryan Basnett  
Jamie Walker  
Glendina Matthew  
Reed Stringham  
Doug Stolte  
Mark McNabb

### State/Territory

Pennsylvania  
South Carolina  
Texas  
U.S. Virgin Islands  
Utah  
Virginia  
Wisconsin

NAIC Support Staff: Jake Stultz/Dan Schelp

### AGENDA

1. Consider Adoption of its Summer National Meeting Minutes Attachment One  
—*Monica Macaluso (CA)*
2. Consider Adoption of the Report of the Reinsurance Financial Analysis (E)  
Working Group—*Rolf Kaumann (CO)*
3. Receive a Status Report on the Reinsurance Activities of the Mutual  
Recognition of Jurisdictions (E) Working Group—*Robert Wake (ME)*
4. Discuss Ongoing Projects at the NAIC That Affect Reinsurance  
—*Monica Macaluso (CA)*
  - A. Implementation of *Actuarial Guideline LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties* (AG 55)
  - B. Offshore Life Reinsurance Discussions
  - C. Property/Casualty (P/C) Reinsurance Discussions
  - D. Other Ongoing Projects at the NAIC
5. Discuss Any Other Matters Brought Before the Task Force  
—*Monica Macaluso (CA)*
6. Adjournment

Draft: 8/19/25

Reinsurance (E) Task Force  
Minneapolis, Minnesota  
August 11, 2025

The Reinsurance (E) Task Force met in Minneapolis, MN, Aug. 11, 2025. The following Task Force members participated: Ricardo Lara, Chair, represented by Monica Macaluso (CA); Angela L. Nelson, Vice Chair, and John Rehagen (MO); Heather Carpenter represented by David Phifer (AK); Mark Fowler represented by Todrick Burks (AL); Alan McClain represented by Chris Erwin (AR); Michael Conway represented by Rolf Kaumann (CO); Andrew N. Mais represented by Wanchin Chou (CT); Trinidad Navarro represented by Nicole Brittingham (DE); Michael Yaworsky represented by Jane Nelson (FL); Doug Ommen represented by Kevin Clark and Jordan Esbrook (IA); Holly W. Lambert represented by Roy Eft (IN); Vicki Schmidt represented by Tish Becker (KS); Sharon P. Clark represented by Jeff Gaither (KY); Timothy J. Temple represented by Tom Travis (LA); Michael T. Caljouw represented by Christopher Joyce (MA); Robert L. Carey represented by Robert Wake (ME); Grace Arnold represented by Fred Andersen (MN); Mike Chaney represented by Mark Cooley (MS); Mike Causey represented by Jacqueline Obusek (NC); Jon Godfread represented by Matt Fischer (ND); D.J. Bettencourt represented by Ned Cataldo (NH); Justin Zimmerman and David Wolf (NJ); Ned Gaines represented by Roger Hayashi (NV); Adrienne A. Harris represented by Bob Kasinow (NY); Judith L. French represented by Dale Bruggeman (OH); Glen Mulready represented by Eli Snowbarger (OK); TK Keen represented by Paul Throckmorton (OR); Michael Humphreys represented by Diana Sherman (PA); Michael Wise represented by Hinal Patel (SC); Cassie Brown represented by Jamie Walker (TX); Jon Pike represented by Jake Garn (UT); Scott A. White represented by Doug Stolte (VA); and Nathan Houdek represented by Amy Malm (WI).

1. Adopted its Spring National Meeting Minutes

Rehagen made a motion, seconded by Bruggeman, to adopt the Task Force's March 4 minutes (*see NAIC Proceedings—Spring 2025, Reinsurance (E) Task Force*). The motion passed unanimously.

2. Adopted the 2026 Proposed Charges of the Task Force and the Reinsurance Financial Analysis (E) Working Group

Macaluso noted that there were no proposed changes to the Task Force's 2026 proposed charges, which properly reflect the current duties of the Task Force and the Reinsurance Financial Analysis (E) Working Group.

Malm made a motion, seconded by Joyce, to adopt the 2026 proposed charges of the Task Force and the Reinsurance Financial Analysis (E) Working Group (Attachment One). The motion passed unanimously.

3. Adopted the Report of the Reinsurance Financial Analysis (E) Working Group

Kaumann stated that the Reinsurance Financial Analysis (E) Working Group met July 29, May 5, and March 12 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to approve several certified and reciprocal jurisdiction reinsurers for passporting.

Kaumann stated that the Working Group has now approved 101 reciprocal jurisdiction reinsurers and 42 certified reinsurers for passporting and that 49 states and one territory have passported a reciprocal jurisdiction reinsurer. He noted that the list of passported reinsurers can be found on the certified and reciprocal jurisdiction reinsurer web page.

Kaumann made a motion, seconded by Kasinow, to adopt the report of the Working Group. The motion passed unanimously.

4. Received a Status Report on the Reinsurance Activities of the Mutual Recognition of Jurisdictions (E) Working Group

Wake stated that the Working Group last met Oct. 24, 2024, in regulator-to-regulator session, pursuant to paragraph 8 (international regulatory matters) of the NAIC Policy Statement on Open Meetings, where it reapproved the status of Bermuda, France, Germany, Ireland, Japan, Switzerland, and the United Kingdom (UK) as qualified jurisdictions and Bermuda, Japan, and Switzerland as reciprocal jurisdictions. He noted that Bermuda, Japan, and the UK are in the process of making changes to their regulatory systems and that NAIC staff are monitoring the implementation of these changes and will report any findings to the Working Group.

5. Received a Status Report on Projects at the NAIC that Affect Reinsurance

Macaluso stated that the Life Actuarial (A) Task Force recently adopted *Actuarial Guideline LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties* (AG 55), which was expected to be adopted by the Life Insurance and Annuities (A) Committee and then Executive (EX) Committee and Plenary at the Summer National Meeting. She stated that several state insurance regulators proposed this project and recommends changes to the asset adequacy testing (AAT) methodology for the assets that support reinsurance transactions.

Andersen stated that the Life Actuarial (A) Task Force has been working for over a year and a half on reinsurance AAT and has held several public meetings and discussions during that time. The main objectives of this project were to provide U.S. state insurance regulators with sufficient tools to assess reserve adequacy when business is ceded, avoid conflicts with reciprocal jurisdictions, and ensure companies are not unnecessarily burdened when risk is minimal. The Life Actuarial (A) Task Force will reassess whether further action is necessary in the future.

Andersen noted that one of the key aspects of AG 55 is an emphasis on disclosure rather than mandating additional reserves, noting that companies may choose to bolster reserves based on their own evaluation, and that regulators retain the right to request further analysis. He noted that minor updates prior to adoption included clarifications on required documentation, asset exposure testing, eligibility for exemptions, and aggregation across product lines. The guideline aims for greater transparency and consistency nationwide.

Macaluso provided an update on an initiative regarding offshore life reinsurance, noting an increased focus lately on offshore reinsurance and that it was a topic of discussion at the Commissioners' Mid-Year Roundtable. She noted that the NAIC has worked to address these concerns with projects such as AG 55, which were originally started to address issues related to offshore reinsurance, but more work will likely need to be done to further cover this area.

Macaluso stated that NAIC staff, with the help of several key regulators, held two regulator-only education sessions that were intended to get regulators up to speed on these issues and allow for preliminary discussions with the regulators to see what they are seeing in their states at this point and to discuss potential next steps. She noted that these were not formal Task Force sessions and were only held to provide information to regulators from the Task Force and several other task forces and working groups. She stated that NAIC staff plan to hold another session to complete the discussions that have been held and to figure out the best possible next steps that can be taken.

Macaluso stated that the NAIC held a property/casualty (P/C) reinsurance roundtable for commissioners and senior regulators that was designed to deepen members' shared understanding of existing P/C reinsurance issues and allow for deeper engagement with the topic. She noted that the event was hosted by the California Department of Insurance (DOI). It was held in Pasadena, CA, and included a tour of the fire damage from the wildfires that occurred earlier this year.

Macaluso stated that the roundtable included several sessions where discussion was provided by commissioners, key regulators, and some industry groups that are heavily involved with these issues. She noted that the presentations heard during the roundtable described how reinsurance market dynamics are influencing primary insurance pricing and coverage decisions, and what regulators can do to ensure that resilience, mitigation, and fair oversight are fully integrated into the system of state-based regulation. She stated that the goal was to leave attending members not only better informed but better prepared to evaluate and guide reinsurance structures and resiliency efforts that protect both insurers and the consumers who depend on them.

Macaluso noted that Task Force leadership and NAIC staff are working on the next steps after the roundtable. The current planned direction is to continue building knowledge, which will include investing in training, analytics, and regulatory tools to better assess the strength of reinsurance programs and their impact on solvency. She noted that the NAIC plans to strengthen collaboration through shared data on catastrophe exposure, joint modeling initiatives, and cross-state coordination on public-private solutions, and that the NAIC plans to be proactive and to shape the market response through policy, oversight, and engagement.

Jake Stultz (NAIC) stated that in 2023, the Macroprudential (E) Working Group created a new reinsurance worksheet, which is an optional tool for state insurance regulators to get a better understanding of reinsurance transactions at the companies they regulate. He requested that anybody who had used the worksheet and had any comments on the overall form or function provide them to him so they can be compiled and shared with the appropriate NAIC group. Stultz noted that the Macroprudential (E) Working Group will also continue to focus on its 13 considerations and that a major focus of its work will be on cross-border reinsurance.

Stultz stated that the Valuation Analysis (E) Working Group is currently completing its second year of reviews of *Actuarial Guideline LIII—Application of the Valuation Manual for Testing the Adequacy of Life Insurer Reserves* (AG 53). He noted that AG 53 is broad and covers AAT for life insurers, but he noted that the Task Force's primary focus in the process has been on the work involved with reinsurance, primarily focused on where this may affect the "Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance" (EU Covered Agreement) and the "Bilateral Agreement Between the United States of America and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance" (UK Covered Agreement). He noted that a wide range of people are working on this project, including actuaries from the NAIC and regulators from several states, including actuaries, investment experts, and financial staff. Stultz said that other subject matter experts (SMEs) from the NAIC are brought in when needed and that the work being performed is regulator-only.

Stultz noted that the Valuation Analysis (E) Working Group sent two referrals to the Statutory Accounting Principles (E) Working Group at the 2023 Fall National Meeting. As a result, referrals that summarize both issues were sent to the Task Force. The first referral recommends that the Working Group remove a specific sentence from Appendix A-791, Section 2C, because it is unnecessary and is being misinterpreted. The second referral requests clarification on the evaluation of risk transfer on life reinsurance treaties. Stultz noted that these two agenda items were adopted by the Statutory Accounting Principles (E) Working Group and the Accounting Practices and Procedures (E) Task Force at the Summer National Meeting. Stultz noted that the Statutory Accounting Principles (E) Working Group adopted an agenda item that included a new disclosure for reporting assets that are subject to funds withheld or modified coinsurance (modco) on May 22.

6. Discussed a Proposal to Allow Ceded Unearned Premium Reserve Surety Bond for Unearned Premium Reinsurance Collateral

Macaluso stated that the Task Force had received a comment letter (Attachment Two) from Troutman Pepper Locke, representing Roosevelt Road Specialty, that proposes to allow a new type of surety bond to be allowed to provide a cedant with credit for reinsurance for a limited portion of its reserves under applicable insurance laws, which would permit surety bonds to be used as reinsurance collateral, which is not allowed under the *Credit for Reinsurance Model Law* (#785) and *Credit for Reinsurance Model Regulation* (#786).

Paige Waters (Troutman Pepper Locke) stated that the intent of Troutman Pepper Locke's proposal was to allow ceded unearned premium reserve surety bonds to be used for the limited purpose of unearned premium reinsurance collateral as an alternative to a bank-issued letter of credit (LOC). She stated that the goal was to begin a discussion with insurance regulators to determine if such a surety bond would be acceptable under Model #785 and Model #786. She noted that product innovation must not sacrifice consumer or solvency protections, and that this new surety bond product addresses these protections and offers reinsurers more flexibility for managing their cash assets and cedants a reliable form of limited-purpose reinsurance collateral. She noted that the surety bond would allow reinsurers to deploy their assets more efficiently than being held by a bank as restricted collateral supporting a letter of credit, thus improving liquidity.

Marc Michalewsky (Roosevelt Road Specialty) stated that Roosevelt Road Specialty is led by a management team with extensive experience in commercial P/C insurance and the reinsurance sectors, noting that senior management has over 150 years of insurance and reinsurance expertise, including owning a well-capitalized Bermuda reinsurer that has a surplus of approximately \$150,000,000.

Brian Casey (Troutman Pepper Locke) stated that Model #785, Section 3D, permits insurance departments to approve any other form of security acceptable to the commissioner, noting that this provision was included to address new reinsurance collateral products that would likely be developed and brought to market. He stated that he believes that this new surety bond is beneficial to both the insurance and reinsurance industries and provides sufficient financial protections. He noted that the surety bond is limited to the unearned premium reserve amounts under the reinsurance agreement and does not supplant reinsurance collateral for loss reserves, loss adjustment expense reserves, or incurred but not reported (IBNR). The surety bond would only be available for reinsurance of P/C insurance, not life or health insurance.

Casey noted that current reinsurance collateral options are limited and that the frequently used option of an LOC is expensive and ties up a reinsurer's cash collateral at banks. He stated that surety bonds would free up cash and improve a reinsurer's balance sheet and liquidity position. He noted that the surety bonds would be issued by certain duly licensed, high-quality, highly rated surety bond issuers that are certified by the U.S. Department of the Treasury (Treasury Department).

Casey stated that insurance regulators have significant, direct regulatory authority and oversight of these surety bond issuers, as opposed to an LOC, which is issued by a bank, and that surety bond issuer would only issue the surety bond if it complies with its underwriting guidelines for reinsurers, including review and analysis of applicable financial information and that the ceding company also would need to comply with applicable statutory accounting rules. Casey noted that the new surety bond compares favorably to an LOC under Model #785 and Model #786. He stated that similar to an LOC, the new surety bond would be payable with no required payment documents other than presentment of a claim draw document, irrevocable and payable even if ceding company is in breach of the reinsurance agreement, that the term is at least one year and that the surety bond is

evergreen, it is payable regardless of the solvency of the ceding company or the reinsurer, payable on-demand subject to administrative processing, and that the surety bond issuer waives all legal defenses to payment.

Rehagen noted that he had questions initially about the difference between a surety bond and an LOC, noting that you can take an LOC to the bank and get cash the same day. He noted that the reinsurer is the policyholder for the surety bond and asked if the ceding company could approve the surety bond as a form of collateral. Michalewsky agreed with Rehagen's statements.

Rehagen asked about a scenario where the reinsured cancels the contract and wants its unearned premium back, and how that would work with using the surety bond. Michalewsky stated that if a policy is canceled, then the reinsurance company would be responsible for returning a portion of premium; however, the way the mechanics work is that the ceding company would adjust the bordereaux every month as policies renew and new policies are written, so they would adjust any policy cancellations every month. If the reinsurance company went insolvent and there was policy cancellations during that time, and if the reinsurance company did not have the ability to repay the unearned premium portion that they were responsible for, then the ceding company would put in a claim against the bond just like they would a letter of credit to get the portion of unearned premium that was due.

Wake stated that his understanding was that normally with the surety bond, it is necessary to demonstrate that there's been a default in payment, and asked if the waiver of legal defenses means that the company can draw cash on site and sort it out afterwards, whether or not there has been a default. Michalewsky responded that attached to the bond is a draft form, and the company would just have to submit it. Then, the surety would remit payment accordingly. Wake noted that a letter of credit does not require a default first, and that if one wrongfully draws on a letter of credit where they do not have an actual default where the money is needed, it gets litigated and clawed back later.

Michalewsky stated that his company posts letters of credit for every insurance company and if a letter of credit gets drawn upon and the ceding company goes to withdraw, the bank will notify his company that the company is requesting to draw on the letter of credit, and if his company does not feel it is correct, it will call that fronting carrier to ask the purpose of the draw. Wake reiterated that with a letter of credit, one can initiate and draw before proving that you have valid grounds to draw. Waters acknowledged that a surety bond requires a default by the principal before the surety has any obligation to pay.

Wolf asked if the company that is issuing the surety bonds could then reinsure those surety bonds. Michalewsky said yes.

Macaluso stated that no action is needed by the Task Force and that these surety bonds do not meet any of the definitions of collateral included in Model #785, Section 3. She said that if these were to be allowed as collateral, they would have to be covered under Model #785, Section 3D, for "Any other form of security acceptable to the commissioner." She noted that California would not find these instruments to be acceptable forms of collateral for credit for reinsurance purposes, but that each state can make that determination for itself.

Having no further business, the Reinsurance (E) Task Force adjourned.

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