Reinsurance (E) Task Force December 8, 2019, Minutes
Reinsurance (E) Task Force October 22, 2019, Minutes (Attachment One)
Summary of Findings and Determination; Bermuda Monetary Authority; Re-Evaluation of Qualified Jurisdiction (Attachment Two)
Summary of Findings and Determination; Japan: Financial Services Agency (FSA); Re-Evaluation of Qualified Jurisdiction (Attachment Three)
Summary of Findings and Determination; Switzerland: Financial Market Supervisory Authority (FINMA); Re-Evaluation of Qualified Jurisdiction (Attachment Four)
Comment Letter from ACLI Steven Clayburn, Senior Actuary, Health Insurance & Reinsurance, and Mariana Gomez-Vock, Associate General Counsel, Dated November 6, 2019, Regarding Reciprocal Jurisdiction Accreditation Standard Exposure (Attachment Five)
Summary of Findings and Determination; Bermuda Monetary Authority; Evaluation of Reciprocal Jurisdiction (Attachment Six)
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Comment Letter from ACLI Steven Clayburn, Senior Actuary, Health Insurance & Reinsurance, and Mariana Gomez-Vock, Associate General Counsel, Dated November 26, 2019, Regarding Evaluation of Reciprocal Jurisdiction Exposures (Attachment Nine)
Blanks (E) Working Group Agenda Item 2019-30BWG Incorporates 2019 Revisions to Model #785 and Model #786 into Annual Reporting Blanks and Instructions (Attachment Ten)
The Reinsurance (E) Task Force met in Austin, TX, Dec. 8, 2019. The following Task Force members participated: Chlora Lindley-Myers, Chair, and John Rehagen (MO); Raymond G. Farmer, Vice Chair, represented by Lee Hill (SC); Lori K. Wing-Heier represented by David Phifer (AK); Jim L. Ridling represented by Sheila Travis (AL); Allen W. Kerr represented by Mel Anderson (AR); Michael Conway represented by Rolf Kaumann (CO); Andrew N. Mais represented by Kathy Belfi and Wanchin Chou (CT); Stephen C. Taylor represented by Philip Barlow (DC); Trinidad Navarro represented by Ryllyn Brown (DE); David Altmaier represented by Virginia Christy and Susanne Murphy (FL); Doug Ommen represented by Kim Cross (IA); Dean L. Cameron represented by Nathan Faragher (ID); Stephen W. Robertson represented by Roy Eft (IN); Vicki Schmidt represented by Tish Becker (KS); James J. Donelon represented by Stewart Guerin (LA); Gary Anderson represented by Christopher Joyce (MA); Eric A. Cioppa represented by Robert Wake (ME); Matthew Rosendale represented by Steve Matthews (MT); Mike Causey represented by Angela Hatchell (NC); Jon Godfread represented by Matt Fischer (ND); Bruce R. Ramge represented by Lindsay Crawford (NE); John Elias represented by Doug Bartlett (NH); Linda A. Lacewell represented by Puran Bheamsain (NY); Jillian Froment represented by Dale Bruggeman (OH); Glen Mulready represented by Eli Snowbarger (OK); Elizabeth Kelleher Dwyer represented by Jack Broccoli (RI); Hodgen Mainda represented by Trey Hancock (TN); Kent Sullivan represented by Jamie Walker (TX); Todd E. Kiser represented by Jake Garn (UT); Scott A. White represented by Doug Stolte (VA); Michael S. Pieciak represented by David Provost (VT); Mark Afable represented by Randy Milquet (WI); and James A. Dodrill represented by Ellen Potter (WV).

1. **Adopted its Oct. 22 and Summer National Meeting Minutes**

The Task Force met Oct. 22 to: 1) adopt revisions to the Process for Evaluating Qualified and Reciprocal Jurisdictions; 2) adopt the re-evaluations of France, Germany, Ireland and the United Kingdom (UK) as Qualified Jurisdictions; and 3) adopt the recommendation on revisions to the Reinsurance Ceded section of the Accreditation Program Manual.

Mr. Eft made a motion, seconded by Mr. Kaumann, to adopt the Task Force’s Oct. 22 (Attachment One) and Aug. 4 (see NAIC Proceedings – Summer 2019, Reinsurance (E) Task Force) minutes. The motion passed unanimously.


Mr. Kaumann provided the report of the Reinsurance Financial Analysis (E) Working Group. He stated that the Working Group met Oct. 10, in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, to discuss the applications of four new certified reinsurers and the renewal of 10 certified reinsurers. The Working Group met Nov. 26, in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, to discuss the application of one new certified reinsurer and the renewal of 17 certified reinsurers. Mr. Kaumann stated that the Working Group would meet once more during December to consider one additional application for a certified reinsurer.

Mr. Kaumann stated that the Working Group monitors 33 certified reinsurers that have been recommended for passporting, noting that the Working Group will begin discussions to determine the best and most effective approaches for the financial solvency surveillance of these non-U.S. reinsurers as reciprocal jurisdictions.

Mr. Kaumann made a motion, seconded by Mr. Wake, to adopt the report of the Reinsurance Financial Analysis (E) Working Group. The motion passed unanimously.

3. **Adopted the Report of the Qualified Jurisdiction (E) Working Group**

Mr. Wake provided the report of the Qualified Jurisdiction (E) Working Group. He stated that the Working Group met three times since the Summer National Meeting in regulator-to-regulator sessions, pursuant to paragraph 6 (consultations with NAIC staff members) and paragraph 8 (considerations of strategic planning issues) of the NAIC Policy Statement on Open Meetings.
Draft Pending Adoption

Mr. Wake stated that the Working Group met Aug. 22 and discussed and agreed upon revisions to the Process for Evaluating Qualified and Reciprocal Jurisdictions and approved the Re-Evaluation of Qualified Jurisdiction and Summary of Findings and Determination for France, Germany, Ireland and the UK as qualified jurisdictions. He stated that the documents were exposed for a 30-day public comment period ending Oct. 4, noting that the Task Force adopted the revisions to the Process for Evaluating Qualified and Reciprocal Jurisdictions and reapproved France, Germany, Ireland and the UK as qualified jurisdictions during its Oct. 22 conference call.

Mr. Wake stated that the Working Group met Nov. 5 and Oct. 7 to discuss the evaluations of Bermuda, Japan and Switzerland as both qualified jurisdictions and reciprocal jurisdictions. On the Nov. 5 conference call, the Working Group and the Task Force exposed the Re-Evaluation of Qualified Jurisdiction and the Evaluation of Reciprocal Jurisdiction for Bermuda, Japan and Switzerland for 30-day public comment periods ending Dec. 5. Mr. Wake stated that NAIC staff kept the Federal Insurance Office (FIO) and the Office of the U.S. Trade Representative (USTR) updated in accordance with the revised Process for Evaluating Qualified and Reciprocal Jurisdictions.

Mr. Wake made a motion, seconded by Mr. Milquet, to adopt the report of the Qualified Jurisdiction (E) Working Group. The motion passed unanimously.

4. Adopted the Re-Evaluation of Qualified Jurisdiction and the Evaluation of Reciprocal Jurisdiction for Bermuda, Japan and Switzerland

Craig Swan (Bermuda Monetary Authority) provided a statement supporting the adoption of Bermuda as a reciprocal jurisdiction and the re-evaluation as a qualified jurisdiction.

Mr. Rehagen stated that the qualified jurisdiction re-evaluations for France, Germany, Ireland and the UK were adopted by the Task Force on the Oct. 22 conference call. He stated that with the adoption of Bermuda, Japan and Switzerland as qualified jurisdictions by the Task Force at this meeting, the Executive (EX) Committee and Plenary will be able to adopt the re-evaluations of the seven qualified jurisdictions together at the Fall National Meeting. He noted that the original approvals of these seven qualified jurisdictions are due to expire Dec. 31.

Dan Schelp (NAIC) stated that the use of certified reinsurers domiciled in qualified jurisdictions will be gradually phased-out over the next few years in favor of reciprocal jurisdictions, but these jurisdictions must maintain their status as qualified jurisdictions until that time. Mr. Schelp stated that the meeting materials contained the Summary of Findings and Determination as qualified jurisdictions for Bermuda (Attachment Two), Japan (Attachment Three) and Switzerland (Attachment Four). There was only one comment letter from the American Council of Life Insurers (ACLI) (Attachment Five) received when these were exposed for public comment.

Mr. Schelp stated that 2019 revisions to the Credit for Reinsurance Model Law (#785) and the Credit for Reinsurance Model Regulation (#786) and the revised Process for Evaluating Qualified and Reciprocal Jurisdictions provide that qualified jurisdictions that are not subject to an in-force covered agreement and that meet certain other requirements may be approved as reciprocal jurisdictions and receive similar reinsurance collateral treatment. He stated that the jurisdiction must recognize the U.S. state regulatory approach to group supervision and group capital.

Mr. Schelp stated that a determination was made on a minimum solvency or capital ratios to be applied to reinsurers licensed and domiciled in the Bermuda, Japan and Switzerland because these jurisdictions do not utilize either the solvency capital requirement under Solvency II or risk-based capital under the U.S. system. He added that each jurisdiction must have a memorandum of understanding in place with a state for the purpose of regulatory cooperation and the sharing of confidential information. Mr. Schelp stated that Bermuda, Japan and Switzerland had each completed these requirements and had provided the confirmation letter that is outlined in the Process for Evaluating Qualified and Reciprocal Jurisdictions.

Mr. Schelp stated that the meeting materials contained the Summary of Findings and Determination as reciprocal jurisdictions for Bermuda (Attachment Six), Japan (Attachment Seven) and Switzerland (Attachment Eight). There was only one comment letter from the ACLI (Attachment Nine) received when these were exposed for public comment.

Ms. Belfi made a motion, seconded by Ms. Murphy, to adopt the Summary of Findings and Determination for Bermuda, Japan and Switzerland with respect to their re-evaluations as qualified jurisdictions and to adopt the Summary of Findings and Determination for their approval as reciprocal jurisdictions, and placing them on the NAIC List of Reciprocal Jurisdictions. The motion passed unanimously.
Draft Pending Adoption

5. Exposed an Annual Reporting Blanks Proposal to Incorporate the 2019 Revisions to Model #785 and Model #786 into the Annual Reporting Blanks and Instructions

Jake Stultz (NAIC) stated that this agenda item updates the annual reporting blanks (Attachment Ten) to allow companies to report reinsurance with reciprocal jurisdiction reinsurers when the 2019 revisions to Model #785 and Model #786 are enacted by the state legislatures. He stated that the reciprocal jurisdiction reinsurers will need to get a new identification number for this reporting, noting that this is the same process as was done with certified reinsurers.

Mr. Stultz stated that the Blanks (E) Working Group plans to expose this agenda item during its Dec. 17 meeting, noting that this exposure will last until approximately Feb. 21, 2020, with final consideration of adoption expected at the 2020 Spring National Meeting.

Ms. Travis made a motion, seconded by Ms. Crawford, to expose the Annual Reporting Blanks proposal, which incorporates the 2019 revisions from the Model #785 and Model #786 into the annual reporting blanks and instructions. The motion passed unanimously.

6. Received an Update on Model #787 and the 2019 Revisions to Model #785 and Model #786 as Accreditation Standards

Mr. Schelp stated that the Financial Regulation Standards and Accreditation (F) Committee adopted the 2019 revisions to Model #785 and Model #786 as revisions to the Reinsurance Ceded accreditation standard in the Accreditation Program Manual during its Dec. 9 meeting. He stated that the Committee also adopted the Term and Universal Life Insurance Reserve Financing Model Regulation (#787) as a new accreditation standard.

Mr. Schelp noted that these revisions will be incorporated on an expedited basis and a waiver of process will be used, with an effective date for these accreditation standards of Sept. 1, 2022, with enforcement beginning Jan. 1, 2023. He noted that this date coincides with the date by which the FIO must complete federal preemption determination of state laws under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Steve Clayburn (ACLI) stated that several state legislatures are beginning work on enacting the 2019 revisions to Model #785 and Model #786, but few have acted on Model #787 or the 2016 revisions to Model #785.

Mr. Schelp stated that a legislative packet with information on the 2019 revisions to Model #785 and Model #786 have been sent to the state legislatures, noting that this packet will be updated to include Model #787 and resubmitted to the state legislatures.

Having no further business, the Reinsurance (E) Task Force adjourned.
The Reinsurance (E) Task Force met via conference call Oct. 22, 2019. The following Task Force members participated:
Chlora Lindley-Myers, Chair, represented by John Rehagen (MO); Raymond G. Farmer, Vice Chair, represented by Lee Hill (SC); Lori K. Wing-Heier represented by David Phifer (AK); Jim L. Ridling represented by Richard Ford (AL); Allen W. Kerr represented by Kim Johnson (AR); Ricardo Lara represented by Monica Macaluso and Kim Hudson (CA); Michael Conway represented by Rolf Kaumann (CO); Andrew N. Mais represented by Joel Henry (CT); Stephen C. Taylor represented by Philip Barlow (DC); Trinidad Navarro represented by Dave Lonchar (DE); David Altmaier represented by Susanne Murphy (FL); John F. King represented by Martin Sullivan (GA); Doug Ommen represented by Carrie Mears (IA); Stephen W. Robertson represented by Roy Eft (IN); Vicki Schmidt represented by Tish Becker (KS); Nancy G. Atkins represented by Sandy Batts (KY); James J. Donelon represented by Stewart Guerin (LA); Gary Anderson represented by Christopher Joyce (MA); Eric A. Cioppa represented by Robert Wake (ME); Mike Causey represented by Jackie Obusek (NC); Jon Godfread represented by Colton Schulz (ND); Bruce R. Range represented by Lindsay Crawford (NE); John Elia represented by Doug Bartlett and Patricia Gosselin (NH); Marlene Caride represented by John Tirado (NJ); Linda A. Lacewell represented by Michael Campanelli (NY); Jillian Froment represented by Dale Bruggeman (OH); Hodgen Mainda represented by Hui Wattanaskolpant (TN); Kent Sullivan represented by Jamie Walker (TX); Todd E. Kiser represented by Jake Garn (UT); Scott A. White represented by Doug Stolte (VA); and Mark Afable represented by Randy Milquet (WI). Also participating was: Susan Berry (IL).

1. Adopted the Process for Evaluating Qualified and Reciprocal Jurisdictions

Mr. Wake stated that the Qualified Jurisdiction (E) Working Group met Oct. 7 and Aug. 22 in regulator-to-regulator session, pursuant to paragraph 6 (consultations with NAIC staff members) and paragraph 8 (considerations of strategic planning issues) of the NAIC Policy Statement on Open Meetings, to consider revisions to the Process for Evaluating Qualified and Reciprocal Jurisdictions (Qualified and Reciprocal Jurisdiction Process). He stated that the Working Group exposed draft revisions to the Qualified and Reciprocal Jurisdiction Process on Sept. 4 for a 30-day public comment period and received eight comment letters (Attachment One-A). He stated that as a result of the comment letters received and a discussion held with representatives from the U.S. Department of the Treasury, the U.S. Trade Representative, and the Federal Insurance Office (FIO), the Working Group formed a drafting group to address the comments. Mr. Wake and Dan Schelp (NAIC) provided a summary of the revisions that had been made and a description of the process. Mr. Wake stated that the final draft version of the Qualified and Reciprocal Jurisdiction Process was the version that includes the revisions that were sent out by NAIC staff via email on Oct. 21, and this was the version considered for adoption (Attachment One-B). Mr. Wake also provided a recommendation that the Working Group revise the process for revocation or suspension of a Qualified Jurisdiction or Reciprocal Jurisdiction during 2020.

Karalee C. Morell (Reinsurance Association of America—RAA) thanked the Task Force and Working Group for their efforts during this process and offered her assistance as the process continues. Yvette Pierre (Bermuda Monetary Authority—BMA) offered to assist in the process of getting Bermuda to Reciprocal Jurisdiction status.

Mr. Wake made a motion, seconded by Mr. Kaumann, to adopt the Process for Evaluating Qualified and Reciprocal Jurisdictions. The motion passed unanimously.

2. Adopted the Re-Evaluation of Qualified Jurisdictions and Summary of Findings and Determinations for France, Germany, Ireland and the United Kingdom

Mr. Wake stated that the Qualified Jurisdiction (E) Working Group met Aug. 22 in regulator-to-regulator session, pursuant to paragraph 6 (consultations with NAIC staff members) and paragraph 8 (considerations of strategic planning issues) of the NAIC Policy Statement on Open Meetings, to consider the Re-Evaluation of Qualified Jurisdictions and Summary of Findings and Determinations for France (Attachment One-C), Germany (Attachment One-D), Ireland (Attachment One-E), and the United Kingdom (UK) (Attachment One-F) as Qualified Jurisdictions. He stated that the Working Group exposed the draft Re-Evaluation of Qualified Jurisdictions and Summary of Findings and Determinations on Sept. 4 for a 30-day public
comment period and received eight comment letters (Attachment One-A). He stated that the final drafts to be considered for adoption included nonsubstantive revisions from the exposed versions as a result of the comment letters received. The revisions were: 1) for France, the lead state has been changed from New York to Delaware; and 2) for Germany, a reference has been added to additional information received during the re-evaluation process received from Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

Mr. Wake stated that the Working Group has also approved and exposed the Re-Evaluation of Qualified Jurisdictions and Summary of Findings and Determinations for a 30-day public comment period ending Nov. 6; it is intended that the seven Qualified Jurisdictions will be re-approved together; and Bermuda, Japan and Switzerland will be approved as Reciprocal Jurisdictions by the Executive (EX) Committee and Plenary at the Fall National Meeting.

Ms. Berry asked for clarification about whether France, Germany, Ireland and the UK must be approved by the Financial Condition (E) Committee or if they must only be adopted by the Executive (EX) Committee and Plenary after the Task Force and if there will be another call of the Task Force to adopt Bermuda, Japan and Switzerland as Qualified Jurisdictions prior to the Fall National Meeting. Mr. Schelp stated that the way that the Qualified and Reciprocal Jurisdiction Process is written, after adoption by the Task Force, it can then be sent directly to the Executive (EX) Committee and Plenary, and the Task Force does not intend to hold another conference call prior to the Fall National Meeting.

Mr. Wake made a motion, seconded by Mr. Tirado, to adopt the Re-Evaluation of Qualified Jurisdictions and Summary of Findings and Determinations for France, Germany, Ireland and the UK as Qualified Jurisdictions. The motion passed unanimously.

3. **Adopted the Reciprocal Jurisdiction Accreditation Standard**

Mr. Rehagen stated that the Task Force met Sept. 11 in regulator-to-regulator session, pursuant to paragraph 7 (consideration of accreditation issues) to: 1) discuss revisions to the Reinsurance Ceded section of the Accreditation Program Manual (Attachment One-G); and 2) expose draft revisions for a 30-day public comment period ending Oct. 11. He stated that the Task Force received five comment letters (Attachment One-H), and the letters agreed with the revisions. He noted that one letter with combined comments from the RAA, the American Property and Casualty Insurance Association (APCIA), and the National Association of Mutual Insurance Companies (NAMIC) recommended an effective date of April 1, 2021, which is the date when the “Bilateral Agreement Between the United States of America and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance” (Covered Agreement) allows the FIO to begin its federal preemption analysis. Mr. Schelp provided a brief discussion of the revisions that were considered for adoption.

Ms. Morell stated that using April 1, 2021, as the effective date would be more effective since it would require the states to enact the revisions 18 months before FIO can begin its preemption determination of the states’ laws. Mr. Schelp clarified the specific provisions of the Covered Agreements that discuss the federal preemption process. Mr. Rehagen asked if it would be necessary to move the proposed accreditation enforcement from Jan. 1, 2023, to an earlier date if the effective date was moved to April 1, 2021. Ms. Morell stated that the enforcement date would need to be moved to an earlier date. Mr. Bruggeman stated that what matters is the date when FIO may begin its actual preemption of state laws.

Mr. Bruggeman made a motion, seconded by Ms. Obusek, to: 1) adopt the revisions to the Reinsurance Ceded section of the Accreditation Program Manual, with a recommended effective date of Oct. 1, 2022, and accreditation reviews beginning on Jan. 1, 2023; and 2) direct NAIC staff to prepare a referral document from the Task Force to the Financial Regulation Standards and Accreditation (F) Committee for consideration as a possible addition to the accreditation standards and with an additional discussion about the beginning of preemption analysis by FIO to start on April 1, 2021. The motion passed unanimously.

4. **Discussed Other Matters**

Andrew T. Vedder (Northwest Mutual) stated that he had submitted a letter to the NAIC in conjunction with New York Life that recommended that the Term and Universal Life Insurance Reserve Financing Model Regulation (#787) be adopted as an accreditation standard with the 2019 revisions to the Credit for Reinsurance Model Law (#785) and the Credit for Reinsurance Model Regulation (#786). Mr. Schelp stated that this had been recommended to the Financial Regulation Standards and Accreditation (F) Committee in 2017 but has been delayed, pending the revisions to Model #785 and Model
#786 for the Covered Agreements. Mr. Wake asked if the accreditation motion from earlier in the meeting should be revised to add a recommendation that Model #787 be included. Mr. Schelp advised against revising the motion, and he stated that Model #787 would likely be discussed by the Committee at the Fall National Meeting.

Having no further business, the Reinsurance (E) Task Force adjourned.
Process for Developing and Maintaining the NAIC List of Evaluating Qualified and Reciprocal Jurisdictions
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I. Preamble

Purpose

The revised Credit for Reinsurance Model Law (#785) and Credit for Reinsurance Model Regulation (#786) (collectively, the Credit for Reinsurance Models) require an assuming insurer to be licensed and domiciled in a “Qualified Jurisdiction” in order to be eligible for certification by a state as a certified reinsurer for reinsurance collateral reduction purposes. In 2012, the NAIC Reinsurance (E) Task Force was charged to develop an NAIC process to evaluate the reinsurance supervisory systems of non-U.S. jurisdictions, for the purposes of developing and maintaining a list of jurisdictions recommended for recognition by the states as Qualified Jurisdictions. This charge was extended in 2019 to encompass the recognition of Reciprocal Jurisdictions in accordance with the 2019 amendments to the Credit for Reinsurance Models, including the maintenance of a list of recommended Reciprocal Jurisdictions. The purpose of the Process for Developing and Maintaining the NAIC List of Evaluating Qualified and Reciprocal Jurisdictions is to provide a documented evaluation process for creating and maintaining these NAIC lists.

Background

On November 6, 2011, the NAIC Executive (EX) Committee and Plenary adopted revisions to the Credit for Reinsurance Models. These revisions serve to reduce reinsurance collateral requirements for certified reinsurers that are licensed and domiciled in Qualified Jurisdictions. Under the previous version of the Credit for Reinsurance Models, in order for U.S. ceding insurers to receive reinsurance credit, the reinsurance was required to be ceded to U.S.-licensed reinsurers or secured by collateral representing 100% of U.S. liabilities for which the credit is recorded. When considering revisions to the Credit for Reinsurance Models, the Reinsurance (E) Task Force contemplated establishing an accreditation-like process, modeled on the current NAIC Financial Regulation Standards and Accreditation Program, to review the reinsurance supervisory systems of non-U.S. jurisdictions. Under the revised Credit for Reinsurance Models, the approval of Qualified Jurisdictions is left to the authority of the states; however, the models provide that a list of Qualified Jurisdictions will be created through the NAIC committee process, and that individual states must consider this list when approving jurisdictions.

The enactment in 2010 of the federal Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) created the Federal Insurance Office (FIO), which has the following authority: (1) coordinate federal efforts and develop federal policy on prudential aspects of international insurance matters; (2) assist the Secretary of the U.S. Department of the Treasury in negotiating covered agreements (as defined in the Dodd-Frank Act); (3) determine whether the states’ insurance measures are preempted by covered agreements; and (4) consult with the states (including state insurance regulators) regarding insurance matters of national importance and prudential insurance matters of international importance. Further, the Dodd-Frank Act authorizes the U.S. Treasury Secretary and the U.S. Trade Representative (USTR), jointly, to negotiate and enter into covered agreements on behalf of the United States. It is the NAIC’s intention to communicate and coordinate with the FIO and related federal authorities as appropriate with respect to the evaluation of the reinsurance supervisory systems of non-U.S. jurisdictions.

On September 22, 2017, the United States and the European Union (EU) entered into the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance,” followed by a similar agreement with the United Kingdom (UK) on December 18, 2018. Both agreements (collectively referred to as the “Covered Agreements”) will require the states to eliminate reinsurance
collateral requirements for reinsurers licensed and domiciled in these jurisdictions within 60 months (five years) after signing or face potential federal preemption by the Federal Insurance Office (FIO) under the Dodd-Frank Act.

Reciprocal Jurisdictions

On June 25, 2019, the NAIC Executive (EX) Committee and Plenary adopted revisions to the Credit for Reinsurance Models. These revisions were intended to conform the Models to the relevant provisions of the Covered Agreements. The Covered Agreements would eliminate reinsurance collateral requirements for EU and UK reinsurers that maintain a minimum amount of own funds equivalent to $250 million and a solvency capital requirement (SCR) of 100% under Solvency II. Conversely, U.S. reinsurers that maintain capital and surplus equivalent to 226 million euros with a risk-based capital (RBC) of 300% of authorized control level would not be required to maintain a local presence in order to do business in the EU or UK or post reinsurance collateral. Under the revised Credit for Reinsurance Models, jurisdictions that are subject to in-force Covered Agreements are considered to be Reciprocal Jurisdictions, and reinsurers that have their head office or are domiciled in a Reciprocal Jurisdiction are not required to post reinsurance collateral if they meet all of the requirements of the Credit for Reinsurance Models.

Under the revised Credit for Reinsurance Models, not only are jurisdictions that are subject to Covered Agreements treated as Reciprocal Jurisdictions for reinsurance collateral purposes, but any other Qualified Jurisdictions can also qualify for collateral elimination as Reciprocal Jurisdictions. States that meet the requirements of the NAIC Financial Standards and Accreditation Program are also considered to be Reciprocal Jurisdictions.

The NAIC has updated and revised this Process for Evaluating Qualified and Reciprocal Jurisdictions to specify how Qualified Jurisdictions that recognize key NAIC solvency initiatives, including group supervision and group capital standards, and also meet the other requirements under the revised Credit for Reinsurance Models, will be recognized as Reciprocal Jurisdictions and receive similar treatment as that provided under the EU and UK Covered Agreements, including the elimination of reinsurance collateral and local presence requirements by the states.
II. Principles for the Evaluation of Non-U.S. Jurisdictions

1. The NAIC model revisions applicable to certified reinsurers are intended to facilitate cross-border reinsurance transactions and enhance competition within the U.S. market, while ensuring that U.S. insurers and policyholders are adequately protected against the risk of insolvency. To be eligible for certification, a reinsurer must be domiciled and licensed in a Qualified Jurisdiction as determined by the domestic regulator of the ceding insurer. A Qualified Jurisdiction not subject to an in-force Covered Agreement under the Dodd-Frank Act may also be determined to be a Reciprocal Jurisdiction, and reinsurers that have their head office or are domiciled in any such Reciprocal Jurisdiction will not be required to post reinsurance collateral, provided they meet the minimum capital and financial strength requirements and comply with the other requirements of the Credit for Reinsurance Models.

2. The evaluation of non-U.S. jurisdictions as Qualified Jurisdictions and Reciprocal Jurisdictions will be conducted in accordance with the provisions of the Credit for Reinsurance Models and any other relevant guidance developed by the NAIC.

3. The evaluation of non-U.S. jurisdictions as Qualified Jurisdictions is intended as an outcomes-based comparison to financial solvency regulation under the NAIC Financial Regulation Standards and Accreditation Program (Accreditation Program), adherence to international supervisory standards, and relevant international guidance for recognition of reinsurance supervision. It is not intended as a prescriptive comparison to the NAIC Accreditation Program. In order for a Qualified Jurisdiction that is not subject to an in-force Covered Agreement to be evaluated as a Reciprocal Jurisdiction, that Qualified Jurisdiction must agree to adhere to the same reciprocity standards that have been imposed under the EU and UK Covered Agreements, including the requirement that the Qualified Jurisdiction must agree to recognize the states’ approach to group supervision, including group capital, as provided under the Credit for Reinsurance Models.

4. The states shall evaluate the appropriateness and effectiveness of the reinsurance supervisory system within the Qualified Jurisdiction, both initially and on an ongoing basis, and consider the rights, benefits and the extent of reciprocal recognition afforded by the jurisdiction to reinsurers licensed and domiciled in the U.S. The determination of Qualified Jurisdiction status is based on the effectiveness of the entire reinsurance supervisory system within the jurisdiction.

5. Each state may evaluate a non-U.S. jurisdiction to determine if it is a Qualified Jurisdiction. A list of Qualified Jurisdictions will be published through the NAIC committee process. A state must consider this list in its determination of Qualified Jurisdictions, and if the state approves a jurisdiction not on this list, the state must thoroughly document the justification for approving this jurisdiction in accordance with the standards for approving Qualified Jurisdictions contained in the Credit for Reinsurance Models. The creation of this list does not constitute a delegation of regulatory authority to the NAIC. The regulatory authority to recognize a Qualified Jurisdiction resides solely in each state and the NAIC List of Qualified Jurisdictions is not binding on the states.

6. A list of Reciprocal Jurisdictions will be published through the NAIC committee process. Jurisdictions subject to an in-force Covered Agreement and states that meet the requirements of the NAIC Financial Standards and Accreditation Program are automatically included on the List of Reciprocal Jurisdictions. A state must consider this list in its determination of Reciprocal Jurisdiction status, and if the state approves a jurisdiction not on this list, the state must thoroughly document the justification for approving this jurisdiction in accordance with the standards for approving Reciprocal Jurisdictions contained in the Credit for Reinsurance Models.
In order to facilitate multi-state recognition of assuming insurers and to encourage uniformity among the states, the NAIC has initiated a process called “passporting” under which the commissioner has the discretion to defer to another state’s determination that a jurisdiction is a Qualified or Reciprocal Jurisdiction. Passporting is based upon individual state regulatory authority, and states are encouraged to act in a uniform manner in order to facilitate the passporting process. States are also encouraged to utilize the passporting process to reduce the amount of documentation filed with the states and reduce duplicate filings. The NAIC Lists of Qualified and Reciprocal Jurisdictions are intended to facilitate the passporting process.

Both Qualified Jurisdictions and Reciprocal Jurisdictions must agree to share information and cooperate with the state with respect to all certified applicable reinsurers domiciled within that jurisdiction. Critical factors in the evaluation process include but are not limited to the history of performance by assuming insurers in the applicant jurisdiction and any documented evidence of substantial problems with the enforcement of final U.S. judgments in the applicant jurisdiction. A jurisdiction will not be a Qualified Jurisdiction if the commissioner has determined that it does not adequately and promptly enforce final U.S. judgments or arbitration awards.

The determination of Qualified Jurisdiction status can only be made with respect to the reinsurance supervisory system in existence and applied by a non-U.S. jurisdiction at the time of the evaluation.

The NAIC and the states will communicate and coordinate with the FIO, USTR and other relevant federal authorities as appropriate with respect to the evaluation of the reinsurance supervisory systems of non-U.S. jurisdictions.
III. Procedure for Evaluation of Non-U.S. Jurisdictions

   a. The NAIC will initially evaluate and expedite the review of those jurisdictions that were approved by the states of Florida and New York prior to the adoption of the revised Credit for Reinsurance Models (i.e., Bermuda, Germany, Switzerland and the United Kingdom). The NAIC may also consider expediting the review of additional jurisdictions, as outlined in paragraph 1(d) below. While the same evaluation procedure and methodology will be applicable to any jurisdiction under review, U.S. state insurance regulators’ familiarity with these particular jurisdictions may lead to a more expeditious review. Subsequent priority will be on the basis of objective factors including but not limited to ceded premium volume and reinsurance capacity issues raised by the states. Priority will also be given to requests from the states and from those jurisdictions specifically requesting an evaluation by the NAIC.

   b. Formal notification of the NAIC’s intent to initiate the evaluation process will be sent by the NAIC to the reinsurance supervisory authority in the jurisdiction selected, with copies to the FIO and other relevant federal authorities as appropriate. The NAIC will issue public notice on the NAIC website upon confirmation that the jurisdiction is willing to participate in the evaluation process. The NAIC will at this time request public comments with respect to consideration of the jurisdiction as a Qualified Jurisdiction. The process of evaluation and all related documentation are private and confidential matters between the NAIC and the applicant jurisdiction, unless otherwise provided in this document, subject to a preliminary confidentiality and information sharing agreement between the NAIC, relevant states and the applicant jurisdiction.

   c. Relevant U.S. state and federal authorities will be notified of the NAIC’s decision to evaluate a jurisdiction.

   d. Expedited Review Procedure. Based on the prior review and approval by Florida and New York of reinsurers domiciled in Bermuda, Germany, Switzerland and the United Kingdom, the NAIC will apply an expedited review procedure with respect to these jurisdictions. The NAIC may also consider extending this expedited review procedure to other jurisdictions approved by a state as a Qualified Jurisdiction, provided that:

      i. The state provides a report to the Qualified Jurisdiction Working Group confirming that it has completed a full review of the jurisdiction in accordance with that set forth in Part IV: Evaluation Methodology. If current information as outlined in paragraph 1(e)(i) (i.e., FSAP Report and ROSC) is not available to the state, it must demonstrate that it has obtained and reviewed information consistent with Appendix A and Appendix B.

      ii. The state completes the full review and lists the jurisdiction as a Qualified Jurisdiction within 60 days of the NAIC’s adoption of the Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions.

This procedure is not intended to eliminate or reduce any element provided under Part IV: Evaluation Methodology, but is intended to allow for a designation of Conditional Qualified Jurisdiction of these jurisdictions in order to facilitate the certification of reinsurers domiciled therein. Final qualification of each jurisdiction will be contingent upon completion of the full, outcomes-based evaluation procedure.
Upon confirmation that a jurisdiction is willing to be considered for designation as a Conditional Qualified Jurisdiction, the following expedited review procedure will apply:

i. The Qualified Jurisdiction Working Group will perform an initial review of the jurisdiction’s most recent Detailed Assessment of Observance on Insurance Core Principles under the International Monetary Fund (IMF)/World Bank Financial Sector Assessment Program (FSAP Report), Report on Observance for Standards and Codes (ROSC), and any other publicly available information regarding the laws, regulations, practices and procedures applicable to the reinsurance supervisory system in conjunction with the information provided under Section C through Section G of the Evaluation Methodology. The NAIC will invite each jurisdiction (or its designee) to provide information relative to Section C through Section G of the Evaluation Methodology in order to complete or supplement publicly available information. The NAIC may designate the jurisdiction as a Conditional Qualified Jurisdiction, to be effective immediately, upon: (1) receipt of all necessary initial information requested in this section; (2) opportunity for comment by interested parties; and (3) conclusion of any appropriate communication with the FIO, USTR and other relevant federal authorities.

ii. During this period as a Conditional Qualified Jurisdiction, the Qualified Jurisdiction Working Group will complete its full analysis of the information provided by the jurisdiction, in addition to any specific information that is subsequently requested by the NAIC, in order to evaluate the jurisdiction’s laws, regulations, practices and procedures from an outcomes-based perspective in accordance with the guidance provided under Appendix A and Appendix B of the Evaluation Methodology. Upon satisfactory completion of the outcomes-based review of this information, the NAIC may upgrade the jurisdiction’s designation to Qualified Jurisdiction. The NAIC may also address any issues identified within the review or revoke the designation of Conditional Qualified Jurisdiction.

iii. A jurisdiction may be permitted to maintain the designation of Conditional Qualified Jurisdiction for one year, unless: (1) an extension is granted by the Qualified Jurisdiction Working Group; or (2) a determination is made that the jurisdiction is not a Qualified Jurisdiction.

2. Evaluation of Jurisdiction

a. Evaluation Materials. The Qualified Jurisdiction Working Group will initiate evaluation of a jurisdiction’s regulatory system by using the information identified in Section A through Section G of the Evaluation Methodology (Evaluation Materials). The Qualified Jurisdiction Working Group will begin by undertaking a review of the most recent Financial Sector Assessment Program (FSAP) Report prepared by the International Monetary Fund (IMF), including the Technical Note on Insurance Sector Supervision, ROSC and any other publicly available information regarding the laws, regulations, practices and procedures applicable to the reinsurance supervisory system. The Qualified Jurisdiction Working Group will also invite each jurisdiction or its designee to provide information relative to Section A through Section G of the Evaluation Methodology in order to update, complete or supplement publicly available information. The Qualified Jurisdiction Working Group may also request or accept relevant information from reinsurers domiciled in the jurisdiction under review.

b. The Qualified Jurisdiction Working Group will notify the jurisdiction of any additional information upon which the Working Group is relying beyond the information provided by the jurisdiction. In that communication, the NAIC will invite the supervisory authority to compare the materials identified by the
NAIC to the materials described in Appendix A and Appendix B, and provide information required to update the identified public information or supplement the public information, as required, to address the topics identified in Section A through Section G of the Evaluation Methodology. The use of publicly available information (e.g., the FSAP Report and/or the ROSC Insurance Sector Technical Note) is intended to lessen the burden on applicant jurisdictions by requiring the production of information that is readily available, while still addressing substantive areas of inquiry detailed in the Evaluation Methodology. The Qualified Jurisdiction Working Group’s review at this stage will be focused on how the jurisdiction’s laws, regulations, administrative practices and procedures, and regulatory authorities regulate the financial solvency of its domestic reinsurers in comparison to key principles underlying the U.S. financial solvency framework\(^1\) and other factors set forth in the Evaluation Methodology.

c. After reviewing the Evaluation Materials, the Qualified Jurisdiction Working Group may request that the applicant jurisdiction submit supplemental information as necessary to determine whether the jurisdiction has sufficient authority to regulate the solvency of its reinsurers in an effective manner. The Working Group will address specific questions directly with the jurisdiction related to items detailed in the Evaluation Methodology that are not otherwise addressed in the Evaluation Materials.

d. The NAIC will request that all responses from the jurisdiction being evaluated be provided in English. Any responses submitted with respect to a jurisdiction’s laws and regulations should be provided by a person qualified in that jurisdiction to provide such analyses and, in the case of statutory analysis, qualified to provide such legal interpretations, to ensure that the jurisdiction is providing an accurate description.

e. The NAIC does not intend to review confidential company-specific information in this process, and has focused the procedure on reviewing publicly available information. No confidential company-specific information shall be disclosed or disseminated during the course of the jurisdiction’s evaluation unless specifically requested, subject to appropriate confidentiality safeguards addressed in a preliminary confidentiality and information-sharing agreement. If no such agreement is executed or the jurisdiction is unable to enter into such an agreement under its regulatory authority, the NAIC will not accept any confidential company-specific information.

3. **NAIC Review of Evaluation Materials**
   a. NAIC staff and/or outside consultants with the appropriate knowledge, experience and expertise will review the jurisdiction’s Evaluation Materials.
   b. Expenses with respect to the evaluations will be absorbed within the NAIC budget. This will be periodically reviewed.
   c. Timeline for review. A project management approach will be developed with respect to the overall timeline applicable to each evaluation.
   d. Upon completing its review of the Evaluation Materials, the internal reviewer(s) will report initial findings to the Qualified Jurisdiction Working Group, including any significant issues or concerns identified. This report will be included as part of the official documentation of the evaluation. Copies of the initial findings may also be made available to FIO and other relevant federal authorities subject to appropriate confidentiality and information-sharing agreements being in place.

\(^1\) The U.S. financial solvency framework is understood to refer to the key elements provided in the NAIC Financial Regulation Standards and Accreditation Program. Appendix A and Appendix B are derived from this framework.
4. Discretionary On-site Review

a. The NAIC may request the jurisdiction under consideration for the opportunity to perform an on-site review of the jurisdiction’s reinsurance supervisory system. Factors that the Qualified Jurisdiction Working Group will consider in determining whether an on-site review is appropriate include the completeness of the information provided by the jurisdiction under review, the general familiarity of the jurisdiction by the NAIC staff or other state regulators participating in the review based on prior conduct or dealings with the jurisdiction, and the results of other evaluations performed by other regulatory or supervisory organizations. If the review is performed, it will be coordinated through the NAIC, utilizing personnel with the appropriate knowledge, experience and expertise. Individual states may also request that representatives from their state be added to the review team.

b. The review team will communicate with the supervisory authority in advance of the on-site visit to clearly identify the objectives, expectations and procedures with respect to the review, as well as any significant issues or concerns identified within the review of the Evaluation Materials. Information to be considered during the on-site review includes, but is not limited to, the following:

   i. Interviews with supervisory authority personnel.

   ii. Review of organizational and personnel practices.

   iii. Any additional information beneficial to gaining an understanding of document and communication flows.

c. Upon completing the on-site review, the reviewer(s) will report initial findings to the Qualified Jurisdiction Working Group, including any significant issues or concerns identified. This report will be included as part of the official documentation of the evaluation.

5. Standard of Review

The evaluation is intended as an outcomes-based comparison to financial solvency regulation under the NAIC Accreditation Program, adherence to international supervisory standards and relevant international guidance for recognition of reinsurance supervision. The standard for qualification of a jurisdiction is that the NAIC must reasonably conclude that the jurisdiction’s reinsurance supervisory system achieves a level of effectiveness in financial solvency regulation that is deemed acceptable for purposes of reinsurance collateral reduction, that the jurisdiction’s demonstrated practices and procedures with respect to reinsurance supervision are consistent with its reinsurance supervisory system, and that the jurisdiction’s laws and practices satisfy the criteria required of Qualified Jurisdictions as set forth in the Credit for Reinsurance Models.

6. Additional Information to be Considered as Part of Evaluation

The NAIC may also consider information from sources other than the jurisdiction under review. This information includes:

a. Documents, reports and information from appropriate international, U.S. federal and U.S. state authorities.

b. Public comments from interested parties.

c. Rating agency information.

d. Any other relevant information.
7. Preliminary Evaluation Report

a. NAIC staff and/or outside consultants will prepare a Preliminary Evaluation Report for review by the Qualified Jurisdiction Working Group. This preliminary report will be private and confidential (i.e., may only be reviewed by Working Group members, designated NAIC staff, consultants, the states, the FIO and other relevant federal authorities that specifically request to be kept apprised of this information, provided that such entities have entered into a preliminary confidentiality and information-sharing agreement with the foreign jurisdiction. Any outside consultants retained by the NAIC will be required to enter into a confidentiality and nondisclosure agreement.).

b. The report will be prepared in a consistent style and format to be developed by NAIC staff. It will contain detailed advisory information and recommendations with respect to the evaluation of the jurisdiction’s reinsurance supervisory system and the documented practices and procedures thereunder. The report will contain a recommendation as to whether the NAIC should recognize the jurisdiction as a Qualified Jurisdiction.

c. All workpapers and reports, including supporting documentation and data, produced as part of the evaluation process are the property of the NAIC and shall be maintained at the NAIC Central Office. In the event that the NAIC shall come into possession of any confidential information, the information shall be held subject to a confidentiality and information-sharing agreement, which will outline the appropriate actions necessary to protect the confidentiality of such information.


a. The Qualified Jurisdiction Working Group’s review of the Preliminary Evaluation Report will be held in regulator-to-regulator session in accordance with the NAIC Policy Statement on Open Meetings.

b. The Qualified Jurisdiction Working Group will make a preliminary determination as to whether the jurisdiction under consideration satisfies the Standard of Review and is deemed acceptable to be included on the NAIC List of Qualified Jurisdictions. If the preliminary determination is that the jurisdiction should not be included on the NAIC List of Qualified Jurisdictions, the Qualified Jurisdiction Working Group will set forth its specific findings and identify those areas of concern with respect to this determination.

c. The results of the Preliminary Evaluation Report will be immediately communicated in written form to the supervisory authority of the jurisdiction under review.


a. Upon receipt of the Preliminary Evaluation Report, the supervisory authority will have an opportunity to respond to the initial findings and determination. This is not intended to be a formal appeals process that would initiate U.S. state administrative due process requirements.

b. The Qualified Jurisdiction Working Group will consider any response, and will proceed to prepare its Final Evaluation Report. The Qualified Jurisdiction Working Group will consider the Final Evaluation Report for approval in regulator-to-regulator session in accordance with the NAIC Policy Statement on Open Meetings. This report will be approved upon an affirmative vote of a majority of the members in attendance at this meeting.
10. NAIC Determination regarding List of Qualified Jurisdictions

a. Once the Qualified Jurisdiction Working Group has adopted its Final Evaluation Report, it will submit the summary of its findings and its recommendation to the Reinsurance (E) Task Force at an open meeting. Upon approval by the Reinsurance (E) Task Force, the summary and recommendation will be submitted to the Executive (EX) Committee and Plenary, as well as to the FIO, USTR and other relevant federal authorities for consultation purposes. Upon approval as a Qualified Jurisdiction by the Executive (EX) Committee and Plenary, the jurisdiction will be added to the NAIC List of Qualified Jurisdictions. The NAIC will maintain the List of Qualified Jurisdictions on its public website and in other appropriate NAIC publications.

b. In the event that a jurisdiction is not approved as a Qualified Jurisdiction, the supervisory authority will be eligible for reapplication at the discretion of the NAIC.

c. Upon final adoption of the Qualified Jurisdiction Working Group’s determination with respect to a jurisdiction, the Final Evaluation Report will be made available to individual U.S. state insurance regulators upon request and confirmation that the information contained therein will remain confidential.

11. Memorandum of Understanding (MOU)

a. A Qualified Jurisdiction must agree to share information and cooperate on a confidential basis with the U.S. state insurance regulatory authority with respect to all certified reinsurers domiciled within that jurisdiction.

b. The International Association of Insurance Supervisors (IAIS) Multilateral Memorandum of Understanding (MMoU) is the recommended method under which a Qualified Jurisdiction will agree to share information and cooperate with U.S. state insurance regulatory authorities. However, until such time as a state has been approved as a signatory to the MMoU by the IAIS, the state may rely on an MOU entered into by a “Lead State” designated by the NAIC. This Lead State will act as a conduit for information between the Qualified Jurisdiction and other states that have certified a reinsurer domiciled and licensed in that jurisdiction, and will share information with those states consistent with the terms governing the further sharing of information included in the applicable IAIS MMoU or bilateral MOU between the Lead State and the Qualified Jurisdiction and pursuant to the NAIC Master Information Sharing and Confidentiality Agreement. The jurisdiction must also confirm in writing that it is willing to permit this Lead State to act as the contact for purposes of obtaining information concerning its certified reinsurers, provided the Lead State share that information with the other states requesting the information consistent with the terms governing the further sharing of information included in the applicable IAIS MMoU or bilateral MOU between the Lead State and the Qualified Jurisdiction.
c. If a Qualified Jurisdiction has not been approved by the IAIS for use of the MMoU, it must enter into an MOU with a Lead State. The MOU will also provide for appropriate confidentiality safeguards with respect to the information shared between the jurisdictions.

d. The NAIC and the states will communicate and coordinate with the FIO, USTR and other relevant federal authorities as appropriate with respect to this process.

12. Process for Periodic Evaluation after Initial Approval

a. The process for determining whether a non-U.S. jurisdiction is a Qualified Jurisdiction is ongoing and subject to periodic review.

b. Qualified Jurisdictions must provide the Qualified Jurisdiction Working Group with notice of any material change in the applicable reinsurance supervisory system that may affect the status of the Qualified Jurisdiction. A U.S. jurisdiction should also notify the Qualified Jurisdiction Working Group if it receives notice of any material change in the applicable reinsurance supervisory system, or any adverse developments with respect to enforcement of final U.S. judgments, that may affect the status of the Qualified Jurisdiction. Upon receipt of any such notice, the Qualified Jurisdiction Working Group will consider whether it is necessary to re-evaluate the status of the Qualified Jurisdiction.

c. Once approved, a Qualified Jurisdiction is subject to a re-evaluation every five years. The Periodic Evaluation may follow a similar process as that set forth above, or such abbreviated process as the Qualified Jurisdiction Working Group may deem appropriate.

d. If the Qualified Jurisdiction Working Group finds the jurisdiction to be out of compliance at any time with the requirements to be a Qualified Jurisdiction, the specific reasons will be documented in a report to the jurisdiction under review, and the status as a Qualified Jurisdiction may be placed on probation, suspended or revoked. The Qualified Jurisdiction Working Group will perform a yearly due diligence review of Qualified Jurisdictions to determine whether there have been any significant changes over the prior year that might affect their status as Qualified Jurisdictions. This yearly review shall follow such abbreviated process as may be determined by the Qualified Jurisdiction Working Group to be appropriate.

e. The Qualified Jurisdiction Working Group will monitor those jurisdictions that have been approved as Qualified Jurisdictions by individual states, but are not included on the NAIC List of Qualified Jurisdictions.

13. Review of Qualified Jurisdictions as Reciprocal Jurisdictions

a. In undertaking the evaluation of a Qualified Jurisdiction as a Reciprocal Jurisdiction, the Qualified Jurisdiction Working Group shall utilize such processes and procedures as outlined in the immediately preceding paragraphs 1 – 12 of Section III, Procedure for Evaluation of Non-U.S. Jurisdictions such as the Qualified Jurisdiction Working Group deems is appropriate. Specifically, the Qualified Jurisdiction Working Group will use processes and procedures outlined in paragraph 1 (Initiation of Evaluation of the Reinsurance Supervisory System of an Individual Jurisdiction), paragraph 3 (NAIC Review of Evaluation Materials), paragraph 7 (Preliminary Evaluation Report), paragraph 8 (Review of Preliminary Evaluation Report), paragraph 9 (Opportunity to Respond to Preliminary Evaluation Report), paragraph 10 (NAIC Determination regarding List of Qualified Jurisdictions), paragraph 11 (Memorandum of Understanding) and paragraph 12 (Process for Evaluation after Initial Approval), as modified for use with Reciprocal Jurisdictions.
b. A Qualified Jurisdiction may not be reviewed for inclusion on the NAIC List of Reciprocal Jurisdictions, unless it has undergone the Evaluation Methodology outlined in Section IV, and remains in good standing with the NAIC as a Qualified Jurisdiction. The Qualified Jurisdiction Working Group may, if it determines an extended review period to be appropriate after its initial approval of a new Qualified Jurisdiction, defer consideration of that jurisdiction as a possible Reciprocal Jurisdiction until there has been sufficient United States experience with that jurisdiction and its Certified Reinsurers that the Working Group believes it is appropriate to progress from collateral reduction to collateral elimination. Nothing in this process requires a finding that a Qualified Jurisdiction meets the standards for recognition as a Reciprocal Jurisdiction, and the Qualified Jurisdiction Working Group may base such recommendation on factors not specifically included in this process.

c. A list of Reciprocal Jurisdictions will be published through the NAIC committee process. Jurisdictions subject to an in-force Covered Agreement and states that meet the requirements of the NAIC Financial Standards and Accreditation Program are automatically included on the NAIC List of Reciprocal Jurisdictions. In making its recommendation with respect to whether a Qualified Jurisdiction should be added to the NAIC List of Reciprocal Jurisdictions, the Qualified Jurisdiction Working Group shall undergo the following analysis in making its evaluation:

i. The Qualified Jurisdiction must confirm that an insurer which has its head office or is domiciled in that jurisdiction shall receive credit for reinsurance ceded to a U.S.-domiciled assuming insurer in the same manner as credit for reinsurance assumed by insurers domiciled in that jurisdiction is received by United States ceding insurers;

ii. The Qualified Jurisdiction must confirm that it does not require a U.S.-domiciled assuming insurer to establish or maintain a local presence as a condition for entering into a reinsurance agreement with any ceding insurer subject to regulation by that jurisdiction or as a condition to allow the ceding insurer to recognize credit for such reinsurance;

iii. The Qualified Jurisdiction must recognize the U.S. state regulatory approach to group supervision and group capital, by providing written confirmation by its competent regulatory authority that insurers and insurance groups that are domiciled or maintain their headquarters in this state or another jurisdiction accredited by the NAIC shall be subject only to worldwide prudential insurance group supervision including worldwide group governance, solvency and capital, and reporting, as applicable, and will not be subject to group supervision at the level of the worldwide parent undertaking of the insurance or reinsurance group by the Qualified Jurisdiction;

iv. The Qualified Jurisdiction must provide written confirmation by its competent regulatory authority that information regarding insurers and their parent, subsidiary, or affiliated entities, if applicable, shall be provided to the states in accordance with a memorandum of understanding or similar document between a state and the Qualified Jurisdiction, including but not limited to the IAIS MMoU or other multilateral memoranda of understanding coordinated by the NAIC. This requirement may be satisfied by an MOU with a Lead State, which shall provide for appropriate confidentiality safeguards with respect to the information
shared between the jurisdictions, similar to the MOU requirement outlined in paragraph 11 of this section III; and

v. The Qualified Jurisdiction must confirm that it will provide to the states on an annual basis confirmation that each assuming insurer that is domiciled in the Qualified Jurisdiction, and has been granted an exemption from state collateral requirements under Section 9 of Model #786, continues to comply with the requirements set forth in in Section 9C(2) and (3) of Model #786; i.e., must maintain minimum capital and surplus of no less than $250,000,000, and maintains on an ongoing basis the required minimum solvency or capital ratio, as applicable.

d. In order to satisfy the requirements of subsection (c) above, the chief insurance supervisor of the Qualified Jurisdiction being evaluated as a Reciprocal Jurisdiction may provide the NAIC with a written letter confirming, as follows:

[Jurisdiction] is a Qualified Jurisdiction under the NAIC Credit for Reinsurance Model Law (#785) and Credit for Reinsurance Model Regulation (#786), and is currently in good standing on the NAIC List of Qualified Jurisdictions. As the lead insurance regulatory supervisor for [Jurisdiction], I hereby confirm to the National Association of Insurance Commissioners (NAIC) and the chief insurance regulators of the 50 states, the District of Columbia and five U.S. territories the following:

- An insurer which has its head office or is domiciled in [Jurisdiction] shall receive credit for reinsurance ceded to a U.S.-domiciled assuming insurer in the same manner as credit for reinsurance assumed by insurers domiciled in [Jurisdiction] is received by United States ceding insurers. [Jurisdiction] does not require a U.S.-domiciled assuming insurer to establish or maintain a local presence as a condition for entering into a reinsurance agreement with any ceding insurer subject to regulation by [Jurisdiction] or as a condition to allow the ceding insurer to recognize credit for such reinsurance.

- [Jurisdiction] recognizes the U.S. state regulatory approach to group supervision and group capital, and confirms that insurers and insurance groups that are domiciled or maintain their headquarters in jurisdictions accredited by the NAIC shall be subject only to worldwide prudential insurance group supervision including worldwide group governance, solvency and capital, and reporting, as applicable, and will not be subject to group supervision at the level of the worldwide parent undertaking of the insurance or reinsurance group by the [Jurisdiction].

- [Jurisdiction] confirms that information regarding insurers and their parent, subsidiary, or affiliated entities, if applicable, shall be provided to the states in accordance with a memorandum of understanding or similar document between a state and the [Jurisdiction].

- [Jurisdiction] will annually provide to the states confirmation that applicable assuming insurers domiciled in [Jurisdiction] maintain minimum capital and surplus of no less than $250,000,000, and maintain on an ongoing basis the required minimum solvency or capital ratio, as applicable.
• Finally, I confirm that [Jurisdiction] will immediately notify the NAIC upon any changes to the assurances provided in this letter.

e. The Qualified Jurisdiction Working Group will perform a due diligence review of available public and confidential documents to confirm that to the best of its determination, the representations in the letter are true and accurate, and will prepare for the review by the Reinsurance Task Force a Summary of Findings and Determination recommending that the Qualified Jurisdiction be recognized as a Reciprocal Jurisdiction. Upon approval by the Task Force, the Summary of Findings and Determination must be adopted by a vote of the NAIC Executive (EX) Committee and Plenary for inclusion on the List of Reciprocal Jurisdictions.

f. The Qualified Jurisdiction Working Group, working in coordination with the Qualified Jurisdiction and the Reinsurance Financial Analysis (E) Working Group, must make a determination on a minimum solvency or capital ratio under which reinsurers licensed and domiciled in the Qualified Jurisdiction may assume insurance from U.S. ceding companies without posting reinsurance collateral. The applicable minimum solvency or capital ratio must be an effective measure of solvency, comparable to either an NAIC risk-based capital (RBC) ratio of three hundred percent (300%) of the authorized control level, or one hundred percent (100%) of the solvency capital requirement (SCR) as calculated under the Solvency II Directive issued by the European Union, giving due consideration to any applicable equivalency assessment conducted by the European Insurance and Occupational Pensions Authority (EIOPA) on the Qualified Jurisdiction with respect to Solvency II.

g. Except for Reciprocal Jurisdictions entitled to automatic recognition, a jurisdiction’s status as a Reciprocal Jurisdiction may be placed on probation, suspended or revoked for good cause in the same manner as provided for Qualified Jurisdictions under paragraph 12. If cause is found to question the fitness of a Reciprocal Jurisdiction that is subject to an in-force covered agreement, or its compliance with applicable requirements of the covered agreement, the Qualified Jurisdiction Working Group shall promptly bring the matter to the attention of the applicable dispute resolution mechanism under the covered agreement.
IV. Evaluation Methodology

The Evaluation Methodology was developed to be consistent with the provisions of the NAIC Credit for Reinsurance Models. It is intended to provide an outcomes-based comparison to financial solvency regulation under the NAIC Accreditation Program, adherence to international supervisory standards and relevant international guidance for recognition of reinsurance supervision. Although the methodology includes a comparison of the jurisdiction’s supervisory system to a number of key elements from the NAIC Accreditation Program, it is not intended as a prescriptive assessment under the NAIC Accreditation Program. Rather, the NAIC Accreditation Program simply provide the framework for the outcomes-based analysis. The NAIC will evaluate the appropriateness and effectiveness of the reinsurance supervisory system within the jurisdiction and consider the rights, benefits and the extent of reciprocal recognition afforded by the jurisdiction to reinsurers licensed and domiciled in the U.S. The determination of a Qualified Jurisdiction is based on the effectiveness of the entire reinsurance supervisory system within the jurisdiction.

The Evaluation Methodology consists of the following:

- Section A: Laws and Regulations
- Section B: Regulatory Practices and Procedures
- Section C: Jurisdiction’s Requirements Applicable to U.S.-Domiciled Reinsurers
- Section D: Regulatory Cooperation and Information Sharing
- Section E: History of Performance of Domestic Reinsurers
- Section F: Enforcement of Final U.S. Judgments
- Section G: Solvent Schemes of Arrangement

This information will be the basis for the Final Evaluation Report and the determination of whether the jurisdiction will be included on the NAIC List of Qualified Jurisdictions.
Section A: Laws and Regulations

The NAIC will review publicly available information, as well as information provided by an applicant jurisdiction with respect to its laws and regulations, in an effort to evaluate whether the jurisdiction has sufficient authority to regulate the solvency of its reinsurers in an effective manner. This will include a review of elements believed to be basic building blocks for sound insurance/reinsurance regulation.2 A jurisdiction’s effectiveness under Section A may be demonstrated through law, regulation or established practice that implements the general authority granted to the jurisdiction, or any combination of laws, regulations or practices that meet the objective.

The Qualified Jurisdiction Working Group will initiate evaluation of a jurisdiction’s regulatory system by gathering and undertaking a review of the most recent FSAP Report, ROSC and any other publicly available information regarding the laws, regulations, practices and procedures applicable to the reinsurance supervisory system. The Qualified Jurisdiction Working Group will simultaneously invite each jurisdiction (or its designee) to provide information relative to Section A (and other sections, as relevant) to assist the NAIC in evaluating its laws and regulations. The NAIC will review this information in conjunction with Appendix A, which provides more detailed guidance with respect to elements the NAIC intends to consider on an outcomes basis in the evaluation under this section. Appendix A is not intended as a prescriptive checklist of requirements a jurisdiction must meet in order to be a Qualified Jurisdiction. Rather, it is provided in an effort to facilitate an outcomes-based comparison to financial solvency regulation under the NAIC Accreditation Program. An applicant jurisdiction is requested to address the following information, which the NAIC will consider, at a minimum, in determining whether the outcomes achieved by the jurisdiction’s laws and regulations meet an acceptable level of effectiveness for the jurisdiction to be included on the NAIC List of Qualified Jurisdictions:

1. Confirmation of the jurisdiction’s most recent FSAP Report, including relevant updates with respect to descriptions or elements of the FSAP Report in which changes have occurred since the assessment or where information might otherwise be outdated.

2. Confirmation of the jurisdiction’s ROSC, including relevant updates with respect to descriptions or elements of the ROSC in which changes have occurred since the report was completed or where information might otherwise be outdated.

3. If materials responsive to the topics under review have been provided in response to information exchanges between the jurisdiction under review and the NAIC, such prior responses may be cross-referenced provided updates are submitted, if required to address changes in laws or procedures.

4. Any other information, descriptions or responses the jurisdiction believes would be beneficial to the NAIC’s evaluation process in order to address, on an outcomes basis, the key elements described within Appendix A.

The NAIC will review the information provided by the applicant jurisdiction and determine whether it is adequate to reasonably conclude whether the jurisdiction has sufficient authority to regulate the solvency of its reinsurers in an effective manner. After reviewing the initial submission, the NAIC may request that the applicant jurisdiction

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2 The basic considerations under this section are derived from Model #786, Section 8C(2), which include: (a) the framework under which the assuming reinsurer is regulated; (b) the structure and authority of the jurisdiction’s reinsurance supervisory authority with regard to solvency regulation requirements and financial surveillance; (c) the substance of financial and operating standards for reinsurers domiciled in the jurisdiction; and (d) the form and substance of financial reports required to be filed or made publicly available by reinsurers domiciled in the jurisdiction and the accounting principles used.
submit supplemental information as necessary in order to make this determination. An applicant jurisdiction is strongly encouraged to provide thorough, detailed and current information in its initial submission in order to minimize the number and extent of supplemental information requests from the NAIC with respect to Section A of this Evaluation Methodology. The NAIC will provide a complete description in the Final Evaluation Report of the information provided in the Evaluation Materials, and any updates or other information that have been provided by the applicant jurisdiction.

**Section B: Regulatory Practices and Procedures**

Section B is intended to facilitate an evaluation of whether the jurisdiction effectively employs baseline regulatory practices and procedures to supplement and support enforcement of the jurisdiction’s financial solvency laws and regulations described in Section A. This evaluation methodology recognizes that variation may exist in practices and procedures across jurisdictions due to the unique situations each jurisdiction faces. Jurisdictions differ with respect to staff and technology resources that are available, as well as the characteristics of the domestic industry regulated. A determination of effectiveness may be achieved using various financial solvency oversight practices and procedures. This evaluation is not intended to be prescriptive in nature.

The NAIC will utilize the information provided by the jurisdiction as outlined under Section A in completing this section of the evaluation. The NAIC will review this information in conjunction with Appendix B, which provides more detailed guidance with respect to elements the NAIC intends to consider on an outcomes basis in the evaluation under this section. Appendix B is not intended as a prescriptive checklist of requirements a jurisdiction must meet in order to be a Qualified Jurisdiction. Rather, it is provided in an effort to facilitate an outcomes-based comparison to financial solvency regulation under the NAIC Accreditation Program. An applicant jurisdiction should also provide any other information, descriptions or responses the jurisdiction believes would be beneficial to the NAIC’s evaluation process in order to address, on an outcomes basis, the key elements described within Appendix B.

**Section C: Jurisdiction’s Requirements Applicable to U.S. Domiciled Reinsurers**

The jurisdiction is requested to describe and explain the rights, benefits and the extent of reciprocal recognition afforded by the non-U.S. supervisory authority to reinsurers licensed and domiciled in the U.S.

**Section D: Regulatory Cooperation and Information-Sharing**

The Credit for Reinsurance Models require the supervisory authority to share information and cooperate with the U.S. state insurance regulators with respect to all certified reinsurers domiciled within their jurisdiction. The jurisdiction is requested to provide an explanation of the supervisory authority’s ability to cooperate, share information and enter into an MOU with U.S. state insurance regulators and confirm that they are willing to enter into an MOU. This should include information with respect to any existing MOU with U.S. state and/or federal authorities that pertain to reinsurance. Both the jurisdiction and the states may rely on the IAIS MMoU to satisfy this requirement, and any states that have not yet been approved by the IAIS as a signatory to the MMoU may rely on an MOU entered into by a Lead State with the jurisdiction until such time that the state has been approved as a signatory to the IAIS MMoU. The NAIC and the states will communicate and coordinate with the FIO, USTR and other relevant federal authorities as appropriate with respect to this process.
Section E: History of Performance of Domestic Reinsurers

The jurisdiction is requested to provide a general description with respect to the historical performance of reinsurers domiciled in the jurisdiction. The NAIC does not intend to review confidential company-specific information under this section. Rather, it is intended that any information provided would be publicly available, unless specifically addressed with the jurisdiction under review. This discussion should address, at a minimum, the following information:

a. Number of reinsurers domiciled in the jurisdiction, and a list of any reinsurers domiciled in the jurisdiction that have and maintain, on an ongoing basis, minimum capital and surplus, or its equivalent, of no less than $250,000,000.

b. Up to a 10-year history of any regulatory actions taken against specific reinsurers.

c. Up to a 10-year history listing any reinsurers that have gone through insolvency proceedings, including the size of each insolvency and a description of the related outcomes (e.g., reinsurer rehabilitated or liquidated, payout percentage of claims to priority classes, payout percentage of claims to domestic and foreign claimants).

d. Up to a 10-year history of any significant industry-wide fluctuations in capital or profitability with respect to domestic reinsurers.

Drafting Note: The NAIC will determine the appropriate time period for review on a case-by-case basis with respect to this information.

Section F: Enforcement of Final U.S. Judgments

The NAIC has previously collected information from a number of jurisdictions with respect to enforcement of final U.S. judgments. The jurisdiction is also requested to provide a current description or explanation of any restrictions with respect to the enforcement of final foreign judgments in the jurisdiction. Based on the foregoing information, the NAIC will make an assessment of the effectiveness of the ability to enforce final U.S. judgments in the jurisdiction. This will include a review of the status, interpretations, application and enforcement of various treaties, conventions and international agreements with respect to final judgments, arbitration and choice of law. The Qualified Jurisdiction Working Group will monitor the enforcement of final U.S. judgments and the Qualified Jurisdiction is requested to notify the NAIC of any developments in this area.

Section G: Solvent Schemes of Arrangement

The jurisdiction is requested to provide a description of any legal framework that allows reinsurers domiciled in the jurisdiction to propose or participate in any solvent scheme of arrangement or similar procedure. In addition, the jurisdiction is requested to provide a description of any solvent scheme of arrangement or similar procedure that a domestic reinsurer has proposed or participated in and the outcome of such procedure.
V. Appendices: Specific Guidance with Respect to Section A and Section B

It is important to note that Part IV, Section A: Laws and Regulations, and Part IV, Section B: Regulatory Practices and Procedures, are derived from the NAIC Financial Regulation Standards and Accreditation Program, which is intended to establish and maintain standards to promote sound insurance company financial solvency regulation among the U.S. states. As such, the NAIC Accreditation Program requires the states to employ laws, regulations and administrative policies and procedures substantially similar to the NAIC accreditation standards in order to be considered an accredited state.

However, it is not the intent of the Evaluation Methodology to require applicant jurisdictions to meet the standards required by the NAIC for accreditation. Instead, Section A and Section B (and their corresponding appendices) are intended to provide a framework to facilitate an outcomes-based evaluation by the NAIC and state insurance regulators of the effectiveness of the jurisdiction’s supervisory authority. This framework consists of a description of the jurisdiction’s laws, regulations, practices and procedures applicable to the supervision of its domestic reinsurers. The amount of detail provided within these appendices should not be interpreted as specific requirements that must be met by the applicant jurisdiction. Rather, the information is intended to provide direction to the applicant jurisdiction in an effort to facilitate a complete response and increase the efficiency and timeliness of the evaluation process.
Appendix A: Laws and Regulations

1. **Examination Authority**
   Does the jurisdiction have the authority to examine its domestic reinsurers? This description should address the following:
   
   a. Frequency and timing of examinations and reports.
   b. Guidelines for examination.
   c. Whether the jurisdiction has the authority to examine reinsurers whenever it is deemed necessary.
   d. Whether the jurisdiction has the authority to have complete access to the reinsurer’s books and records and, if necessary, the records of any affiliated company.
   e. Whether the jurisdiction has the authority to examine officers, employees and agents of the reinsurer when necessary with respect to transactions directly or indirectly related to the reinsurer under examination.
   f. Whether the jurisdiction has the authority to share confidential information with U.S. state insurance regulatory authorities, provided that the recipients are required, under their law, to maintain its confidentiality.

2. **Capital and Surplus Requirement**
   Does the jurisdiction have the authority to require domestic reinsurers to maintain a minimum level of capital and surplus to transact business? This description should address the following:
   
   a. Whether the jurisdiction has the authority to require reinsurers to maintain minimum capital and surplus, including a description of such minimum amounts.
   b. Whether the jurisdiction has the authority to require additional capital and surplus based on the type, volume and nature of reinsurance business transacted.
   c. Capital requirements for reinsurers, including reports and a description of any specific levels of regulatory intervention.

3. **Accounting Practices and Procedures**
   Does the jurisdiction have the authority to require domestic reinsurers to file appropriate financial statements and other financial information? This description should address the following:
   
   a. Description of the accounting and reporting practices and procedures.
   b. Description of any standard financial statement blank/reporting template, including description of content/disclosure requirements and corresponding instructions.

4. **Corrective Action**
   Does the jurisdiction have the authority to order a reinsurer to take corrective action or cease and desist certain practices that, if not corrected or terminated, could place the reinsurer in a hazardous financial condition? This description should address the following:
   
   a. Identification of specific standards which may be considered to determine whether the continued operation of the reinsurer might be hazardous to the general public.
   b. Whether the jurisdiction has the authority to issue an order requiring the reinsurer to take corrective action when it has been determined to be in hazardous financial condition.
5. **Regulation and Valuation of Investments**

What authority does the jurisdiction have with respect to regulation and valuation of investments? This description should address the following:

a. Whether the jurisdiction has the authority to require a diversified investment portfolio for all domestic reinsurers as to type, issue and liquidity.

b. Whether the jurisdiction has the authority to establish acceptable practices and procedures under which investments owned by reinsurers must be valued, including standards under which reinsurers are required to value securities/investments.

6. **Holding Company Systems**

Does the jurisdiction have laws or regulations with respect to supervision of the group holding company systems of reinsurers? This description should address the following:

a. Whether the jurisdiction has access to information via the parent or other regulated group entities about activities or transactions within the group involving other regulated or non-regulated entities that could have a material impact on the operations of the reinsurer.

b. Whether the jurisdiction has access to consolidated financial information of a reinsurer’s ultimate controlling person.

c. Whether the jurisdiction has the authority to review integrity and competency of management.

d. Whether the jurisdiction has approval and intervention powers for material transactions and events involving reinsurers.

e. Whether the jurisdiction has authority to monitor, or has prior approval authority over:
   
i. Change in control of domestic reinsurers.
   
ii. Dividends and other distributions to shareholders of the reinsurer.
   
iii. Material transactions with affiliates.

7. **Risk Management**

Does the jurisdiction have the authority to require its domestic reinsurers to maintain an effective risk-management function and practices? This description should address the following:

a. Whether the jurisdiction has Own Risk and Solvency Assessment (ORSA) requirements and reporting.

b. Any requirements regarding the maximum net amount of risk to be retained by a reinsurer for an individual risk based on the reinsurer’s capital and surplus.

c. Whether the jurisdiction has authority to monitor enterprise risk, including any activity, circumstance, event (or series of events) involving one or more affiliates of a reinsurer that, if not remedied promptly, is likely to have a material adverse effect on the financial condition or liquidity of the reinsurer or its insurance holding company system as a whole.

d. Whether the jurisdiction has corporate governance requirements for reinsurers.
8. **Liabilities and Reserves**

Does the jurisdiction have standards for the establishment of liabilities and reserves (technical provisions) resulting from reinsurance contracts? This description should address the following:

a. Liabilities incurred under reinsurance contracts for policy reserves, unearned premium, claims and losses unpaid, and incurred but not reported (IBNR) claims (including whether discounting is allowed for reserve calculation/reporting).

b. Liabilities related to catastrophic occurrences.

c. Whether the jurisdiction requires an opinion on reserves and loss and loss adjustment expense reserves by a qualified actuary or specialist for all domestic reinsurers, and the frequency of such reports.

9. **Reinsurance Ceded**

What are the jurisdiction’s requirements with respect to the financial statement credit allowed for reinsurance retroceded by its domestic reinsurers? This description should address the following:

a. Credit for reinsurance requirements applicable to reinsurance retroceded to domestic and non-domestic reinsurers.

b. Collateral requirements applicable to reinsurance contracts.

c. Whether the jurisdiction requires a reinsurance agreement to provide for insurance risk transfer (i.e., transfer of both underwriting and timing risk).

d. Requirements applicable to special purpose reinsurance vehicles and insurance securitizations.

e. Affiliated reinsurance transactions and concentration risk.

f. Disclosure requirements specific to reinsurance transactions, agreements and counterparties, if such information is not provided under another item.

10. **Independent Audits**

Does the jurisdiction require annual audits of domestic reinsurers by independent certified public accountants or similar accounting/auditing professional recognized in the applicant jurisdiction? This description should address the following:

a. Requirements for the filing of audited financial statements prepared in conformity with accounting practices prescribed or permitted by the supervisory authority.

b. Contents of annual audited financial reports.

c. Requirements for selection of auditor.

d. Allowance of audited consolidated or combined financial statements.

e. Notification of material misstatements of financial condition.

f. Supervisor’s access to auditor’s workpapers.

g. Audit committee requirements.

h. Requirements for reporting of internal control-related matters.
11. Receivership

Does the jurisdiction have a receivership scheme for the administration of reinsurers found to be insolvent? This should include a description of any liquidation priority afforded to policyholders and the liquidation priority of reinsurance obligations to domestic and non-domestic ceding insurers in the context of an insolvency proceeding of a reinsurer.

12. Filings with Supervisory Authority

Does the jurisdiction require the filing of annual and interim financial statements with the supervisory authority? This description should address the following:

a. The use of standardized financial reporting in the financial statements, and the frequency of relevant updates.

b. The use of supplemental data to address concerns with specific companies or issues.

c. Filing format (e.g., electronic data capture).

d. The extent to which financial reports and information are public records.

13. Reinsurance Intermediaries

Does the jurisdiction have a regulatory framework for the regulation of reinsurance intermediaries?

14. Other Regulatory Requirements with respect to Reinsurers

Any other information necessary to adequately describe the effectiveness of the jurisdiction’s laws and regulations with respect to its reinsurance supervisory system.
Appendix B: Regulatory Practices and Procedures

1. Financial Analysis

What are the jurisdiction’s practices and procedures with respect to the financial analysis of its domestic reinsurers? Such description should address the following:

a. **Qualified Staff and Resources**
   The resources employed to effectively review the financial condition of all domestic reinsurers, including a description of the educational and experience requirements for staff responsible for financial analysis.

b. **Communication of Relevant Information to/from Financial Analysis Staff**
   The process under which relevant information and data received by the supervisory authority are provided to the financial analysis staff and the process under which the findings of the financial analysis staff are communicated to the appropriate person(s).

c. **Supervisory Review**
   How the jurisdiction’s internal financial analysis process provides for supervisory review and comment.

d. **Priority-Based Analysis**
   How the jurisdiction’s financial analysis procedures are prioritized in order to ensure that potential problem reinsurers are reviewed promptly.

e. **Depth of Review**
   How the jurisdiction’s financial analysis procedures ensure that domestic reinsurers receive an appropriate level or depth of review commensurate with their financial strength and position.

f. **Analysis Procedures**
   How the jurisdiction has documented its financial analysis procedures and/or guidelines to provide for consistency and continuity in the process and to ensure that appropriate analysis procedures are being performed on each domestic reinsurer.

g. **Reporting of Material Adverse Findings**
   The process for reporting material adverse indications, including the determination and implementation of appropriate regulatory action.

h. **Early Warning System/Stress Testing**
   Whether the jurisdiction has an early warning system and/or stress testing methodology that is utilized with respect to its domestic reinsurers.
2. **Financial Examinations**

What are the jurisdiction’s practices and procedures with respect to the financial examinations of its domestic reinsurers? Such description should address the following:

a. **Qualified Staff and Resources**
   The resources employed to effectively examine all domestic reinsurers. This should include whether the jurisdiction prioritizes examination scheduling and resource allocation commensurate with the financial strength and position of each reinsurer, and a description of the educational and experience requirements for staff responsible for financial examinations.

b. **Communication of Relevant Information to/from Examination Staff**
   The process under which relevant information and data received by the supervisory authority are provided to the examination staff and the process under which the findings of the examination staff are communicated to the appropriate person(s).

c. **Use of Specialists**
   Whether the supervisory authority’s examination staff includes specialists with appropriate training and/or experience or whether the supervisory authority otherwise has available qualified specialists that will permit the supervisory authority to effectively examine any reinsurer.

d. **Supervisory Review**
   Whether the supervisory authority’s procedures for examinations provide for supervisory review.

e. **Examination Guidelines and Procedures**
   Description of the policies and procedures the supervisory authority employs for the conduct of examinations, including whether variations in methods and scope are commensurate with the financial strength and position of the reinsurer.

f. **Risk-Focused Examinations**
   Does the supervisory authority perform and document risk-focused examinations and, if so, what guidance is utilized in conducting the examinations? Are variations in method and scope commensurate with the financial strength and position of the reinsurer?

g. **Scheduling of Examinations**
   Whether the supervisory authority’s procedures provide for the periodic examination of all domestic reinsurers, including how the system prioritizes reinsurers that exhibit adverse financial trends or otherwise demonstrate a need for examination.

h. **Examination Reports**
   Description of the format in which the supervisory authority’s reports of examinations are prepared, and how the reports are shared with other jurisdictions under information-sharing agreements.

i. **Action on Material Adverse Findings**
   What are the jurisdiction’s procedures regarding supervisory action in response to the reporting of any material adverse findings.

3. **Information Sharing**

Does the jurisdiction have a process for the sharing of otherwise confidential documents, materials, information, administrative or judicial orders, or other actions with U.S. state regulatory officials, provided that the recipients are required, under their law, to maintain its confidentiality?
4. **Procedures for Troubled Reinsurers**

What procedures does the jurisdiction follow with respect to troubled reinsurers?

5. **Organization, Licensing and Change of Control of Reinsurers**

What processes does the supervisory authority use to identify unlicensed or fraudulent activities? The description should address the following:

   a. **Licensing Procedure**
      Whether the supervisory authority has documented licensing procedures that include a review and/or analysis of key pieces of information included in a primary licensure application.

   b. **Staff and Resources**
      The educational and experience requirements for staff responsible for evaluating company licensing.

   c. **Change in Control of a Domestic Reinsurer**
      Procedures for the review of key pieces of information included in filings with respect to a change in control of a domestic reinsurer.
Process for Evaluating Qualified and Reciprocal Jurisdictions
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I. Preamble

Purpose

The revised Credit for Reinsurance Model Law (#785) and Credit for Reinsurance Model Regulation (#786) (collectively, the Credit for Reinsurance Models) require an assuming insurer to be licensed and domiciled in a “Qualified Jurisdiction” in order to be eligible for certification by a state as a certified reinsurer for reinsurance collateral reduction purposes. In 2012, the NAIC Reinsurance (E) Task Force was charged to develop an NAIC process to evaluate the reinsurance supervisory systems of non-U.S. jurisdictions, for the purposes of developing and maintaining a list of jurisdictions recommended for recognition by the states as Qualified Jurisdictions. This charge was extended in 2019 to encompass the recognition of Reciprocal Jurisdictions in accordance with the 2019 amendments to the Credit for Reinsurance Models, including the maintenance of a list of recommended Reciprocal Jurisdictions. The purpose of the Process for Evaluating Qualified and Reciprocal Jurisdictions is to provide a documented evaluation process for creating and maintaining these NAIC lists.

Background

On November 6, 2011, the NAIC Executive (EX) Committee and Plenary adopted revisions to the Credit for Reinsurance Models. These revisions serve to reduce reinsurance collateral requirements for certified reinsurers that are licensed and domiciled in Qualified Jurisdictions. Under the previous version of the Credit for Reinsurance Models, in order for U.S. ceding insurers to receive reinsurance credit, the reinsurance was required to be ceded to U.S.-licensed reinsurers or secured by collateral representing 100% of U.S. liabilities for which the credit is recorded. When considering revisions to the Credit for Reinsurance Models, the Reinsurance (E) Task Force contemplated establishing an accreditation-like process, modeled on the current NAIC Financial Regulation Standards and Accreditation Program, to review the reinsurance supervisory systems of non-U.S. jurisdictions. Under the revised Credit for Reinsurance Models, the approval of Qualified Jurisdictions is left to the authority of the states; however, the models provide that a list of Qualified Jurisdictions will be created through the NAIC committee process, and that individual states must consider this list when approving jurisdictions.

The enactment in 2010 of the federal Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) created the Federal Insurance Office (FIO), which has the following authority: (1) coordinate federal efforts and develop federal policy on prudential aspects of international insurance matters; (2) assist the Secretary of the U.S. Department of the Treasury in negotiating covered agreements (as defined in the Dodd-Frank Act); (3) determine whether the states’ insurance measures are preempted by covered agreements; and (4) consult with the states (including state insurance regulators) regarding insurance matters of national importance and prudential insurance matters of international importance. Further, the Dodd-Frank Act authorizes the U.S. Treasury Secretary and the U.S. Trade Representative (USTR), jointly, to negotiate and enter into covered agreements on behalf of the United States. It is the NAIC’s intention to communicate and coordinate with the FIO and related federal authorities as appropriate with respect to the evaluation of the reinsurance supervisory systems of non-U.S. jurisdictions.

On September 22, 2017, the United States and the European Union (EU) entered into the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance,” followed by a similar agreement with the United Kingdom (UK) on December 18, 2018. Both agreements (collectively referred to as the “Covered Agreements”) will require the states to eliminate reinsurance collateral requirements for reinsurers licensed and domiciled in these jurisdictions within 60 months (five years) after signing or face potential federal preemption by the Federal Insurance Office (FIO) under the Dodd-Frank Act.
Reciprocal Jurisdictions

On June 25, 2019, the NAIC Executive (EX) Committee and Plenary adopted revisions to the Credit for Reinsurance Models. These revisions were intended to conform the Models to the relevant provisions of the Covered Agreements. The Covered Agreements would eliminate reinsurance collateral requirements for EU and UK reinsurers that maintain a minimum amount of own funds equivalent to $250 million and a solvency capital requirement (SCR) of 100% under Solvency II. Conversely, U.S. reinsurers that maintain capital and surplus equivalent to 226 million euros with a risk-based capital (RBC) of 300% of authorized control level would not be required to maintain a local presence in order to do business in the EU or UK or post reinsurance collateral. Under the revised Credit for Reinsurance Models, jurisdictions that are subject to in-force Covered Agreements are considered to be Reciprocal Jurisdictions, and reinsurers that have their head office or are domiciled in a Reciprocal Jurisdiction are not required to post reinsurance collateral if they meet all of the requirements of the Credit for Reinsurance Models.

Under the revised Credit for Reinsurance Models, not only are jurisdictions that are subject to Covered Agreements treated as Reciprocal Jurisdictions for reinsurance collateral purposes, but any other Qualified Jurisdictions can also qualify for collateral elimination as Reciprocal Jurisdictions. States that meet the requirements of the NAIC Financial Standards and Accreditation Program are also considered to be Reciprocal Jurisdictions.

The NAIC has updated and revised this Process for Evaluating Qualified and Reciprocal Jurisdictions to specify how Qualified Jurisdictions that recognize key NAIC solvency initiatives, including group supervision and group capital standards, and also meet the other requirements under the revised Credit for Reinsurance Models, will be recognized as Reciprocal Jurisdictions and receive similar treatment as that provided under the EU and UK Covered Agreements, including the elimination of reinsurance collateral and local presence requirements by the states.
II. Principles for the Evaluation of Non-U.S. Jurisdictions

1. The NAIC model revisions applicable to certified reinsurers are intended to facilitate cross-border reinsurance transactions and enhance competition within the U.S. market, while ensuring that U.S. insurers and policyholders are adequately protected against the risk of insolvency. To be eligible for certification, a reinsurer must be domiciled and licensed in a Qualified Jurisdiction as determined by the domestic regulator of the ceding insurer. A Qualified Jurisdiction not subject to an in-force Covered Agreement under the Dodd-Frank Act may also be determined to be a Reciprocal Jurisdiction, and reinsurers that have their head office or are domiciled in any such Reciprocal Jurisdiction will not be required to post reinsurance collateral, provided they meet the minimum capital and financial strength requirements and comply with the other requirements of the Credit for Reinsurance Models.

2. The evaluation of non-U.S. jurisdictions as Qualified Jurisdictions and Reciprocal Jurisdictions will be conducted in accordance with the provisions of the Credit for Reinsurance Models and any other relevant guidance developed by the NAIC.

3. The evaluation of non-U.S. jurisdictions as Qualified Jurisdictions is intended as an outcomes-based comparison to financial solvency regulation under the NAIC Financial Regulation Standards and Accreditation Program (Accreditation Program), adherence to international supervisory standards, and relevant international guidance for recognition of reinsurance supervision. It is not intended as a prescriptive comparison to the NAIC Accreditation Program. In order for a Qualified Jurisdiction that is not subject to an in-force Covered Agreement to be evaluated as a Reciprocal Jurisdiction, that Qualified Jurisdiction must agree to adhere to the same reciprocity standards that have been imposed under the EU and UK Covered Agreements, including the requirement that the Qualified Jurisdiction must agree to recognize the states’ approach to group supervision, including group capital, and such other requirements as provided under the Credit for Reinsurance Models.

4. The states shall evaluate the appropriateness and effectiveness of the reinsurance supervisory system within the Qualified Jurisdiction, both initially and on an ongoing basis, and consider the rights, benefits and the extent of reciprocal recognition afforded by the jurisdiction to reinsurers licensed and domiciled in the U.S. The determination of Qualified Jurisdiction status is based on the effectiveness of the entire reinsurance supervisory system within the jurisdiction.

5. Each state may evaluate a non-U.S. jurisdiction to determine if it is a Qualified Jurisdiction. A list of Qualified Jurisdictions will be published through the NAIC committee process. A state must consider this list in its determination of Qualified Jurisdictions, and if the state approves a jurisdiction not on this list, the state must thoroughly document the justification for approving this jurisdiction in accordance with the standards for approving Qualified Jurisdictions contained in the Credit for Reinsurance Models. The creation of this list does not constitute a delegation of regulatory authority to the NAIC. The regulatory authority to recognize a Qualified Jurisdiction resides solely in each state and the NAIC List of Qualified Jurisdictions is not binding on the states.

6. A list of Reciprocal Jurisdictions will be published through the NAIC committee process. Jurisdictions subject to an in-force Covered Agreement and states that meet the requirements of the NAIC Financial Standards and Accreditation Program are automatically included on the List of Reciprocal Jurisdictions. A state must consider this list in its determination of Reciprocal Jurisdiction status, and if the state approves a jurisdiction not on this list, the state must thoroughly document the justification for approving this jurisdiction in accordance with the standards for approving Reciprocal Jurisdictions contained in the Credit for Reinsurance Models.
7. In order to facilitate multi-state recognition of assuming insurers and to encourage uniformity among the states, the NAIC has initiated a process called “passporting” under which the commissioner has the discretion to defer to another state’s determination that a jurisdiction is a Qualified or Reciprocal Jurisdiction. Passporting is based upon individual state regulatory authority, and states are encouraged to act in a uniform manner in order to facilitate the passporting process. States are also encouraged to utilize the passporting process to reduce the amount of documentation filed with the states and reduce duplicate filings. The NAIC Lists of Qualified and Reciprocal Jurisdictions are intended to facilitate the passporting process.

8. Both Qualified Jurisdictions and Reciprocal Jurisdictions must agree to share information and cooperate with the state with respect to all applicable reinsurers domiciled within that jurisdiction. Critical factors in the evaluation process include but are not limited to the history of performance by assuming insurers in the applicant jurisdiction and any documented evidence of substantial problems with the enforcement of final U.S. judgments in the applicant jurisdiction. A jurisdiction will not be a Qualified Jurisdiction if the commissioner has determined that it does not adequately and promptly enforce final U.S. judgments or arbitration awards.

9. The determination of Qualified Jurisdiction status can only be made with respect to the reinsurance supervisory system in existence and applied by a non-U.S. jurisdiction at the time of the evaluation.

10. The NAIC and the states will communicate and coordinate with the FIO, USTR and other relevant federal authorities as appropriate with respect to the evaluation of the reinsurance supervisory systems of non-U.S. jurisdictions.
III. Procedure for Evaluation of Non-U.S. Jurisdictions

   a. Priority will be given to requests from the states and from those jurisdictions specifically requesting an evaluation by the NAIC.
   b. Formal notification of the NAIC’s intent to initiate the evaluation process will be sent by the NAIC to the reinsurance supervisory authority in the jurisdiction selected, with copies to the FIO and other relevant federal authorities as appropriate. The NAIC will issue public notice on the NAIC website upon confirmation that the jurisdiction is willing to participate in the evaluation process. The NAIC will at this time request public comments with respect to consideration of the jurisdiction as a Qualified Jurisdiction. The process of evaluation and all related documentation are private and confidential matters between the NAIC and the applicant jurisdiction, unless otherwise provided in this document, subject to a preliminary confidentiality and information sharing agreement between the NAIC, relevant states and the applicant jurisdiction.
   c. Relevant U.S. state and federal authorities will be notified of the NAIC’s decision to evaluate a jurisdiction.

2. Evaluation of Jurisdiction
   a. Evaluation Materials. The Qualified Jurisdiction Working Group will initiate evaluation of a jurisdiction’s regulatory system by using the information identified in Section A through Section G of the Evaluation Methodology (Evaluation Materials). The Qualified Jurisdiction Working Group will begin by undertaking a review of the most recent Financial Sector Assessment Program (FSAP) Report prepared by the International Monetary Fund (IMF), including the Technical Note on Insurance Sector Supervision, and any other publicly available information regarding the laws, regulations, practices and procedures applicable to the reinsurance supervisory system. The Qualified Jurisdiction Working Group will also invite each jurisdiction or its designee to provide information relative to Section A through Section G of the Evaluation Methodology in order to update, complete or supplement publicly available information. The Qualified Jurisdiction Working Group may also request or accept relevant information from reinsurers domiciled in the jurisdiction under review.
   b. The Qualified Jurisdiction Working Group will notify the jurisdiction of any additional information upon which the Working Group is relying beyond the information provided by the jurisdiction. In that communication, the NAIC will invite the supervisory authority to compare the materials identified by the NAIC to the materials described in Appendix A and Appendix B, and provide information required to update the identified public information or supplement the public information, as required, to address the topics identified in Section A through Section G of the Evaluation Methodology. The use of publicly available information (e.g., the FSAP Report and/or the Insurance Sector Technical Note) is intended to lessen the burden on applicant jurisdictions by requiring the production of information that is readily available, while still addressing substantive areas of inquiry detailed in the Evaluation Methodology. The Qualified Jurisdiction Working Group’s review at this stage will be focused on how the jurisdiction’s laws, regulations, administrative practices and procedures, and regulatory authorities regulate the financial...
solvent and able to pay claims and meet obligations. It is essential to assess the financial stability and risk management capabilities of the domestic reinsurers in comparison to key principles underlying the U.S. financial solvency framework\(^1\) and other factors set forth in the Evaluation Methodology.

c. After reviewing the Evaluation Materials, the Qualified Jurisdiction Working Group may request that the applicant jurisdiction submit supplemental information as necessary to determine whether the jurisdiction has sufficient authority to regulate the solvency of its reinsurers in an effective manner. The Working Group will address specific questions directly with the jurisdiction related to items detailed in the Evaluation Methodology that are not otherwise addressed in the Evaluation Materials.

d. The NAIC will request that all responses from the jurisdiction being evaluated be provided in English. Any responses submitted with respect to a jurisdiction’s laws and regulations should be provided by a person qualified in that jurisdiction to provide such analyses and, in the case of statutory analysis, qualified to provide such legal interpretations, to ensure that the jurisdiction is providing an accurate description.

e. The NAIC does not intend to review confidential company-specific information in this process, and has focused the procedure on reviewing publicly available information. No confidential company-specific information shall be disclosed or disseminated during the course of the jurisdiction’s evaluation unless specifically requested, subject to appropriate confidentiality safeguards addressed in a preliminary confidentiality and information-sharing agreement. If no such agreement is executed or the jurisdiction is unable to enter into such an agreement under its regulatory authority, the NAIC will not accept any confidential company-specific information.

3. NAIC Review of Evaluation Materials
   a. NAIC staff and/or outside consultants with the appropriate knowledge, experience and expertise will review the jurisdiction’s Evaluation Materials.
   b. Expenses with respect to the evaluations will be absorbed within the NAIC budget. This will be periodically reviewed.
   c. Timeline for review. A project management approach will be developed with respect to the overall timeline applicable to each evaluation.
   d. Upon completing its review of the Evaluation Materials, the internal reviewer(s) will report initial findings to the Qualified Jurisdiction Working Group, including any significant issues or concerns identified. This report will be included as part of the official documentation of the evaluation. Copies of the initial findings may also be made available to FIO and other relevant federal authorities subject to appropriate confidentiality and information-sharing agreements being in place.

4. Discretionary On-site Review
   a. The NAIC may ask the jurisdiction under consideration for the opportunity to perform an on-site review of the jurisdiction’s reinsurance supervisory system. Factors that the Qualified Jurisdiction Working Group will consider in determining whether an on-site review is appropriate include the completeness of the information provided by the jurisdiction under review, the general familiarity of the jurisdiction by the NAIC staff or other state regulators participating in the review based on prior conduct or dealings with the jurisdiction, and the results of other evaluations performed by other regulatory or supervisory organizations. If the review is performed, it will be coordinated through the NAIC, utilizing personnel with the appropriate

\(^1\) The U.S. financial solvency framework is understood to refer to the key elements provided in the NAIC Financial Regulation Standards and Accreditation Program. Appendix A and Appendix B are derived from this framework.
knowledge, experience and expertise. Individual states may also request that representatives from their state be added to the review team.

b. The review team will communicate with the supervisory authority in advance of the on-site visit to clearly identify the objectives, expectations and procedures with respect to the review, as well as any significant issues or concerns identified within the review of the Evaluation Materials. Information to be considered during the on-site review includes, but is not limited to, the following:

i. Interviews with supervisory authority personnel.

ii. Review of organizational and personnel practices.

iii. Any additional information beneficial to gaining an understanding of document and communication flows.

c. Upon completing the on-site review, the reviewer(s) will report initial findings to the Qualified Jurisdiction Working Group, including any significant issues or concerns identified. This report will be included as part of the official documentation of the evaluation.

5. **Standard of Review**

The evaluation is intended as an outcomes-based comparison to financial solvency regulation under the NAIC Accreditation Program, adherence to international supervisory standards and relevant international guidance for recognition of reinsurance supervision. The standard for qualification of a jurisdiction is that the NAIC must reasonably conclude that the jurisdiction’s reinsurance supervisory system achieves a level of effectiveness in financial solvency regulation that is deemed acceptable for purposes of reinsurance collateral reduction, that the jurisdiction’s demonstrated practices and procedures with respect to reinsurance supervision are consistent with its reinsurance supervisory system, and that the jurisdiction’s laws and practices satisfy the criteria required of Qualified Jurisdictions as set forth in the Credit for Reinsurance Models.

6. **Additional Information to be Considered as Part of Evaluation**

The NAIC may also consider information from sources other than the jurisdiction under review. This information includes:

a. Documents, reports and information from appropriate international, U.S. federal and U.S. state authorities.

b. Public comments from interested parties.

c. Rating agency information.

d. Any other relevant information.

7. **Preliminary Evaluation Report**

a. NAIC staff and/or outside consultants will prepare a Preliminary Evaluation Report for review by the Qualified Jurisdiction Working Group. This preliminary report will be private and confidential (i.e., may only be reviewed by Working Group members, designated NAIC staff, consultants, the states, the FIO and other relevant federal authorities that specifically request to be kept apprised of this information, provided that such entities have entered into a preliminary confidentiality and information-sharing agreement with the foreign jurisdiction. Any outside consultants retained by the NAIC will be required to enter into a confidentiality and nondisclosure agreement.).
b. The report will be prepared in a consistent style and format to be developed by NAIC staff. It will contain detailed advisory information and recommendations with respect to the evaluation of the jurisdiction’s reinsurance supervisory system and the documented practices and procedures thereunder. The report will contain a recommendation as to whether the NAIC should recognize the jurisdiction as a Qualified Jurisdiction.

c. All workpapers and reports, including supporting documentation and data, produced as part of the evaluation process are the property of the NAIC and shall be maintained at the NAIC Central Office. In the event that the NAIC shall come into possession of any confidential information, the information shall be held subject to a confidentiality and information-sharing agreement, which will outline the appropriate actions necessary to protect the confidentiality of such information.


a. The Qualified Jurisdiction Working Group’s review of the Preliminary Evaluation Report will be held in regulator-to-regulator session in accordance with the NAIC Policy Statement on Open Meetings.

b. The Qualified Jurisdiction Working Group will make a preliminary determination as to whether the jurisdiction under consideration satisfies the Standard of Review and is deemed acceptable to be included on the NAIC List of Qualified Jurisdictions. If the preliminary determination is that the jurisdiction should not be included on the NAIC List of Qualified Jurisdictions, the Qualified Jurisdiction Working Group will set forth its specific findings and identify those areas of concern with respect to this determination.

c. The results of the Preliminary Evaluation Report will be immediately communicated in written form to the supervisory authority of the jurisdiction under review.


a. Upon receipt of the Preliminary Evaluation Report, the supervisory authority will have an opportunity to respond to the initial findings and determination. This is not intended to be a formal appeals process that would initiate U.S. state administrative due process requirements.

b. The Qualified Jurisdiction Working Group will consider any response, and will proceed to prepare its Final Evaluation Report. The Qualified Jurisdiction Working Group will consider the Final Evaluation Report for approval in regulator-to-regulator session in accordance with the NAIC Policy Statement on Open Meetings. This report will be approved upon an affirmative vote of a majority of the members in attendance at this meeting.

c. Upon approval of the Final Evaluation Report, the Qualified Jurisdiction Working Group will issue a public statement and a summary of its findings with respect to its determination. At this time, the Working Group will release the summary for public comment. The detailed report will be a confidential, regulator-only document. The report may be shared with any state indicating that it is considering relying on the NAIC List of Qualified Jurisdictions and has entered into a preliminary confidentiality and information-sharing agreement with the foreign jurisdiction.
10. NAIC Determination regarding List of Qualified Jurisdictions

a. Once the Qualified Jurisdiction Working Group has adopted its Final Evaluation Report, it will submit the summary of its findings and its recommendation to the Reinsurance (E) Task Force at an open meeting. Upon approval by the Reinsurance (E) Task Force, the summary and recommendation will be submitted to the Executive (EX) Committee and Plenary, as well as to the FIO, USTR and other relevant federal authorities for consultation purposes. Upon approval as a Qualified Jurisdiction by the Executive (EX) Committee and Plenary, the jurisdiction will be added to the NAIC List of Qualified Jurisdictions. The NAIC will maintain the List of Qualified Jurisdictions on its public website and in other appropriate NAIC publications.

b. In the event that a jurisdiction is not approved as a Qualified Jurisdiction, the supervisory authority will be eligible for reapplication at the discretion of the NAIC.

c. Upon final adoption of the Qualified Jurisdiction Working Group’s determination with respect to a jurisdiction, the Final Evaluation Report will be made available to individual U.S. state insurance regulators upon request and confirmation that the information contained therein will remain confidential.

11. Memorandum of Understanding (MOU)

a. A Qualified Jurisdiction must agree to share information and cooperate on a confidential basis with the U.S. state insurance regulatory authority with respect to all certified reinsurers domiciled within that jurisdiction.

b. The International Association of Insurance Supervisors (IAIS) Multilateral Memorandum of Understanding (MMoU) is the recommended method under which a Qualified Jurisdiction will agree to share information and cooperate with U.S. state insurance regulatory authorities. However, until such time as a state has been approved as a signatory to the MMoU by the IAIS, the state may rely on an MOU entered into by a “Lead State” designated by the NAIC. This Lead State will act as a conduit for information between the Qualified Jurisdiction and other states that have certified a reinsurer domiciled and licensed in that jurisdiction, and will share information with these states consistent with the terms governing the further sharing of information included in the applicable IAIS MMoU or bilateral MOU between the Lead State and the Qualified Jurisdiction and pursuant to the NAIC Master Information Sharing and Confidentiality Agreement. The jurisdiction must also confirm in writing that it is willing to permit this Lead State to act as the contact for purposes of obtaining information concerning its certified reinsurers, provided the Lead State share that information with the other states requesting the information consistent with the terms governing the further sharing of information included in the applicable IAIS MMoU or bilateral MOU between the Lead State and the Qualified Jurisdiction.

c. If a Qualified Jurisdiction has not been approved by the IAIS for use of the MMoU, it must enter into an MOU with a Lead State. The MOU will also provide for appropriate confidentiality safeguards with respect to the information shared between the jurisdictions.

d. The NAIC and the states will communicate and coordinate with the FIO, USTR and other relevant federal authorities as appropriate with respect to this process.
12. Process for Evaluation after Initial Approval

a. The process for determining whether a non-U.S. jurisdiction is a Qualified Jurisdiction is ongoing and subject to periodic review. The Qualified Jurisdiction Working Group will perform a yearly due diligence review of Qualified Jurisdictions to determine whether there have been any significant changes over the prior year that might affect their status as Qualified Jurisdictions. This yearly review shall follow such abbreviated process as may be determined by the Qualified Jurisdiction Working Group to be appropriate.

b. Qualified Jurisdictions must provide the Qualified Jurisdiction Working Group with notice of any material change in the applicable reinsurance supervisory system that may affect the status of the Qualified Jurisdiction. A U.S. jurisdiction should also notify the Qualified Jurisdiction Working Group if it receives notice of any material change in the applicable reinsurance supervisory system, or any adverse developments with respect to enforcement of final U.S. judgments, that may affect the status of the Qualified Jurisdiction. Upon receipt of any such notice, the Qualified Jurisdiction Working Group will consider whether it is necessary to re-evaluate the status of the Qualified Jurisdiction.

c. If the Qualified Jurisdiction Working Group finds the jurisdiction to be out of compliance at any time with the requirements to be a Qualified Jurisdiction, the specific reasons will be documented in a report to the jurisdiction under review, and the status as a Qualified Jurisdiction may be placed on probation, suspended or revoked. The Qualified Jurisdiction Working Group will perform a yearly due diligence review of Qualified Jurisdictions to determine whether there have been any significant changes over the prior year that might affect their status as Qualified Jurisdictions. This yearly review shall follow such abbreviated process as may be determined by the Qualified Jurisdiction Working Group to be appropriate.

d. The Qualified Jurisdiction Working Group will monitor those jurisdictions that have been approved as Qualified Jurisdictions by individual states, but are not included on the NAIC List of Qualified Jurisdictions.

13. Review of Qualified Jurisdictions as Reciprocal Jurisdictions

a. In undertaking the evaluation of a Qualified Jurisdiction as a Reciprocal Jurisdiction, the Qualified Jurisdiction Working Group shall utilize such processes and procedures as outlined in the immediately-preceding paragraphs 1 – 12 of Section III. Procedure for Evaluation of Non-U.S. Jurisdictions such as the Qualified Jurisdiction Working Group deems is appropriate. Specifically, the Qualified Jurisdiction Working Group will use processes and procedures outlined in paragraph 1 (Initiation of Evaluation of the Reinsurance Supervisory System of an Individual Jurisdiction), paragraph 3 (NAIC Review of Evaluation Materials), paragraph 7 (Preliminary Evaluation Report), paragraph 8 (Review of Preliminary Evaluation Report), paragraph 9 (Opportunity to Respond to Preliminary Evaluation Report), paragraph 10 (NAIC Determination regarding List of Qualified Jurisdictions), paragraph 11 (Memorandum of Understanding) and paragraph 12 (Process for Evaluation after Initial Approval), as modified for use with Reciprocal Jurisdictions.

b. A Qualified Jurisdiction may not be reviewed for inclusion on the NAIC List of Reciprocal Jurisdictions, unless it has undergone the Evaluation Methodology outlined in Section IV, and remains in good standing with the NAIC as a Qualified Jurisdiction. The Qualified Jurisdiction Working Group may, if it determines an extended review period to be appropriate after its initial approval of a new Qualified Jurisdiction, defer consideration of that jurisdiction as a possible Reciprocal Jurisdiction until there has been sufficient United States experience with that jurisdiction and its Certified Reinsurers that the Working Group believes it is appropriate to progress from collateral reduction to collateral elimination. Nothing in this process requires
a finding that a Qualified Jurisdiction meets the standards for recognition as a Reciprocal Jurisdiction, and the Qualified Jurisdiction Working Group may base such recommendation on factors not specifically included in this process.

c. A list of Reciprocal Jurisdictions will be published through the NAIC committee process. Jurisdictions subject to an in-force Covered Agreement and states that meet the requirements of the NAIC Financial Standards and Accreditation Program are automatically included on the NAIC List of Reciprocal Jurisdictions. In making its recommendation with respect to whether a Qualified Jurisdiction should be added to the NAIC List of Reciprocal Jurisdictions, the Qualified Jurisdiction Working Group shall undergo the following analysis in making its evaluation:

i. The Qualified Jurisdiction must confirm that an insurer which has its head office or is domiciled in that jurisdiction shall receive credit for reinsurance ceded to a U.S.-domiciled assuming insurer in the same manner as credit for reinsurance assumed by insurers domiciled in that jurisdiction is received by United States ceding insurers;

ii. The Qualified Jurisdiction must confirm that it does not require a U.S.-domiciled assuming insurer to establish or maintain a local presence as a condition for entering into a reinsurance agreement with any ceding insurer subject to regulation by that jurisdiction or as a condition to allow the ceding insurer to recognize credit for such reinsurance;

iii. The Qualified Jurisdiction must recognize the U.S. state regulatory approach to group supervision and group capital, by providing written confirmation by its competent regulatory authority that insurers and insurance groups that are domiciled or maintain their worldwide headquarters in this state or another jurisdiction accredited by the NAIC shall be subject only to their U.S. home jurisdiction’s worldwide prudential insurance group supervision, including worldwide group governance, solvency and capital, and reporting, as applicable, and will not be subject to group supervision at the level of the worldwide parent undertaking of the insurance or reinsurance group by the Qualified Jurisdiction;

iv. The Qualified Jurisdiction must provide written confirmation by its competent regulatory authority that information regarding insurers and their parent, subsidiary, or affiliated entities, if applicable, shall be provided to the states in accordance with a memorandum of understanding or similar document between a state and the Qualified Jurisdiction, including but not limited to the IAIS MMoU or other multilateral memoranda of understanding coordinated by the NAIC. This requirement may be satisfied by an MOU with a Lead State, which shall provide for appropriate confidentiality safeguards with respect to the information shared between the jurisdictions, similar to the MOU requirement outlined in paragraph 11 of this section III; and

v. The Qualified Jurisdiction must confirm that it will provide to the states on an annual basis confirmation that each eligible assuming insurer that is domiciled in the Qualified Jurisdiction, and has been granted an exemption from state collateral requirements under Section 9 of Model #786, continues to comply with the requirements set forth in in Section 9C(2) and (3) of Model #786; i.e., must maintain minimum capital and surplus of no less than $250,000,000, and maintains on an ongoing basis the required minimum solvency or capital ratio, as applicable.
d. In order to satisfy the requirements of subsection (c) above, the chief insurance supervisor of the Qualified Jurisdiction being evaluated as a Reciprocal Jurisdiction may provide the NAIC with a written letter confirming, as follows:

Jurisdiction is a Qualified Jurisdiction under the NAIC Credit for Reinsurance Model Law (#785) and Credit for Reinsurance Model Regulation (#786), and is currently in good standing on the NAIC List of Qualified Jurisdictions. As the lead insurance regulatory supervisor for Jurisdiction, I hereby confirm to the National Association of Insurance Commissioners (NAIC) and the chief insurance regulators of the 50 states, the District of Columbia and five U.S. territories the following:

• An insurer which has its head office or is domiciled in Jurisdiction shall receive credit for reinsurance ceded to a U.S.-domiciled assuming insurer in the same manner as credit for reinsurance assumed by insurers domiciled in Jurisdiction is received by United States ceding insurers. Jurisdiction does not require a U.S.-domiciled assuming insurer to establish or maintain a local presence as a condition for entering into a reinsurance agreement with any ceding insurer subject to regulation by Jurisdiction or as a condition to allow the ceding insurer to recognize credit for such reinsurance.

• Jurisdiction recognizes the U.S. state regulatory approach to group supervision and group capital, and confirms that insurers and insurance groups that are domiciled or maintain their worldwide headquarters in jurisdictions accredited by the NAIC shall be subject only to their U.S. home jurisdiction’s worldwide prudential insurance group supervision, including worldwide group governance, solvency and capital, and reporting, as applicable, and will not be subject to group supervision at the level of the worldwide parent undertaking of the insurance or reinsurance group by the Jurisdiction.

• Jurisdiction confirms that information regarding insurers and their parent, subsidiary, or affiliated entities, if applicable, shall be provided to the states in accordance with a memorandum of understanding or similar document between a state and the Jurisdiction.

• Jurisdiction will annually provide to the states confirmation that applicable assuming insurers domiciled in Jurisdiction maintain minimum capital and surplus of no less than $250,000,000, and maintain on an ongoing basis the required minimum solvency or capital ratio, as applicable.

• Finally, I confirm that Jurisdiction will immediately notify the NAIC upon any changes to the assurances provided in this letter.

e. The Qualified Jurisdiction Working Group will perform a due diligence review of available public and confidential documents to confirm that to the best of its determination, the representations in the letter are true and accurate, and will prepare for the review by the Reinsurance Task Force a Summary of Findings and Determination recommending that the Qualified Jurisdiction be recognized as a Reciprocal Jurisdiction. Upon approval by the Task Force, the Summary of Findings and Determination must be adopted by a vote of the NAIC Executive (EX) Committee and Plenary for inclusion on the List of Reciprocal Jurisdictions.
f. The Qualified Jurisdiction Working Group, working in coordination with the Qualified Jurisdiction and the Reinsurance Financial Analysis (E) Working Group, must make a determination on a minimum solvency or capital ratio under which reinsurers licensed and domiciled in the Qualified Jurisdiction may assume insurance from U.S. ceding companies without posting reinsurance collateral. The applicable minimum solvency or capital ratio must be an effective measure of solvency, comparable to either an NAIC risk-based capital (RBC) ratio of three hundred percent (300%) of the authorized control level, or one hundred percent (100%) of the solvency capital requirement (SCR) as calculated under the Solvency II Directive issued by the European Union, giving due consideration to any applicable equivalency assessment conducted by the European Insurance and Occupational Pensions Authority (EIOPA) on the Qualified Jurisdiction with respect to Solvency II.

g. Except for Reciprocal Jurisdictions entitled to automatic recognition, a jurisdiction’s status as a Reciprocal Jurisdiction may be placed on probation, suspended or revoked for good cause in the same manner as provided for Qualified Jurisdictions under paragraph 12. If cause is found to question the fitness of a Reciprocal Jurisdiction that is subject to an in-force covered agreement, or its compliance with applicable requirements of the covered agreement, the Qualified Jurisdiction Working Group shall promptly bring the matter to the attention of the applicable dispute resolution mechanism under the covered agreement.
IV. Evaluation Methodology

The Evaluation Methodology was developed to be consistent with the provisions of the NAIC Credit for Reinsurance Models. It is intended to provide an outcomes-based comparison to financial solvency regulation under the NAIC Accreditation Program, adherence to international supervisory standards and relevant international guidance for recognition of reinsurance supervision. Although the methodology includes a comparison of the jurisdiction’s supervisory system to a number of key elements from the NAIC Accreditation Program, it is not intended as a prescriptive assessment under the NAIC Accreditation Program. Rather, the NAIC Accreditation Program simply provide the framework for the outcomes-based analysis. The NAIC will evaluate the appropriateness and effectiveness of the reinsurance supervisory system within the jurisdiction and consider the rights, benefits and the extent of reciprocal recognition afforded by the jurisdiction to reinsurers licensed and domiciled in the U.S. The determination of a Qualified Jurisdiction is based on the effectiveness of the entire reinsurance supervisory system within the jurisdiction.

The Evaluation Methodology consists of the following:

- Section A: Laws and Regulations
- Section B: Regulatory Practices and Procedures
- Section C: Jurisdiction’s Requirements Applicable to U.S.-Domiciled Reinsurers
- Section D: Regulatory Cooperation and Information Sharing
- Section E: History of Performance of Domestic Reinsurers
- Section F: Enforcement of Final U.S. Judgments
- Section G: Solvent Schemes of Arrangement

This information will be the basis for the Final Evaluation Report and the determination of whether the jurisdiction will be included on the NAIC List of Qualified Jurisdictions.
Section A: Laws and Regulations

The NAIC will review publicly available information, as well as information provided by an applicant jurisdiction with respect to its laws and regulations, in an effort to evaluate whether the jurisdiction has sufficient authority to regulate the solvency of its reinsurers in an effective manner. This will include a review of elements believed to be basic building blocks for sound insurance/reinsurance regulation. A jurisdiction’s effectiveness under Section A may be demonstrated through law, regulation or established practice that implements the general authority granted to the jurisdiction, or any combination of laws, regulations or practices that meet the objective.

The Qualified Jurisdiction Working Group will initiate evaluation of a jurisdiction’s regulatory system by gathering and undertaking a review of the most recent FSAP Report, ROSC and any other publicly available information regarding the laws, regulations, practices and procedures applicable to the reinsurance supervisory system. The Qualified Jurisdiction Working Group will simultaneously invite each jurisdiction (or its designee) to provide information relative to Section A (and other sections, as relevant) to assist the NAIC in evaluating its laws and regulations. The NAIC will review this information in conjunction with Appendix A, which provides more detailed guidance with respect to elements the NAIC intends to consider on an outcomes basis in the evaluation under this section. Appendix A is not intended as a prescriptive checklist of requirements a jurisdiction must meet in order to be a Qualified Jurisdiction. Rather, it is provided in an effort to facilitate an outcomes-based comparison to financial solvency regulation under the NAIC Accreditation Program. An applicant jurisdiction is requested to address the following information, which the NAIC will consider, at a minimum, in determining whether the outcomes achieved by the jurisdiction’s laws and regulations meet an acceptable level of effectiveness for the jurisdiction to be included on the NAIC List of Qualified Jurisdictions:

1. Confirmation of the jurisdiction’s most recent FSAP Report, including relevant updates with respect to descriptions or elements of the FSAP Report in which changes have occurred since the assessment or where information might otherwise be outdated.

2. Confirmation of the jurisdiction’s ROSC, including relevant updates with respect to descriptions or elements of the ROSC in which changes have occurred since the report was completed or where information might otherwise be outdated.

3. If materials responsive to the topics under review have been provided in response to information exchanges between the jurisdiction under review and the NAIC, such prior responses may be cross-referenced provided updates are submitted, if required to address changes in laws or procedures.

4. Any other information, descriptions or responses the jurisdiction believes would be beneficial to the NAIC’s evaluation process in order to address, on an outcomes basis, the key elements described within Appendix A.

The NAIC will review the information provided by the applicant jurisdiction and determine whether it is adequate to reasonably conclude whether the jurisdiction has sufficient authority to regulate the solvency of its reinsurers in an effective manner. After reviewing the initial submission, the NAIC may request that the applicant jurisdiction

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2 The basic considerations under this section are derived from Model #786, Section 8C(2), which include: (a) the framework under which the assuming reinsurer is regulated; (b) the structure and authority of the jurisdiction’s reinsurance supervisory authority with regard to solvency regulation requirements and financial surveillance; (c) the substance of financial and operating standards for reinsurers domiciled in the jurisdiction; and (d) the form and substance of financial reports required to be filed or made publicly available by reinsurers domiciled in the jurisdiction and the accounting principles used.
submit supplemental information as necessary in order to make this determination. An applicant jurisdiction is strongly encouraged to provide thorough, detailed and current information in its initial submission in order to minimize the number and extent of supplemental information requests from the NAIC with respect to Section A of this Evaluation Methodology. The NAIC will provide a complete description in the Final Evaluation Report of the information provided in the Evaluation Materials, and any updates or other information that have been provided by the applicant jurisdiction.

**Section B: Regulatory Practices and Procedures**

Section B is intended to facilitate an evaluation of whether the jurisdiction effectively employs baseline regulatory practices and procedures to supplement and support enforcement of the jurisdiction’s financial solvency laws and regulations described in Section A. This evaluation methodology recognizes that variation may exist in practices and procedures across jurisdictions due to the unique situations each jurisdiction faces. Jurisdictions differ with respect to staff and technology resources that are available, as well as the characteristics of the domestic industry regulated. A determination of effectiveness may be achieved using various financial solvency oversight practices and procedures. This evaluation is not intended to be prescriptive in nature.

The NAIC will utilize the information provided by the jurisdiction as outlined under Section A in completing this section of the evaluation. The NAIC will review this information in conjunction with Appendix B, which provides more detailed guidance with respect to elements the NAIC intends to consider on an outcomes basis in the evaluation under this section. Appendix B is not intended as a prescriptive checklist of requirements a jurisdiction must meet in order to be a Qualified Jurisdiction. Rather, it is provided in an effort to facilitate an outcomes-based comparison to financial solvency regulation under the NAIC Accreditation Program. An applicant jurisdiction should also provide any other information, descriptions or responses the jurisdiction believes would be beneficial to the NAIC’s evaluation process in order to address, on an outcomes basis, the key elements described within Appendix B.

**Section C: Jurisdiction’s Requirements Applicable to U.S. Domiciled Reinsurers**

The jurisdiction is requested to describe and explain the rights, benefits and the extent of reciprocal recognition afforded by the non-U.S. supervisory authority to reinsurers licensed and domiciled in the U.S.

**Section D: Regulatory Cooperation and Information-Sharing**

The Credit for Reinsurance Models require the supervisory authority to share information and cooperate with the U.S. state insurance regulators with respect to all certified reinsurers domiciled within their jurisdiction. The jurisdiction is requested to provide an explanation of the supervisory authority’s ability to cooperate, share information and enter into an MOU with U.S. state insurance regulators and confirm that they are willing to enter into an MOU. This should include information with respect to any existing MOU with U.S. state and/or federal authorities that pertain to reinsurance. Both the jurisdiction and the states may rely on the IAIS MMOU to satisfy this requirement, and any states that have not yet been approved by the IAIS as a signatory to the MMOU may rely on an MOU entered into by a Lead State with the jurisdiction until such time that the state has been approved as a signatory to the IAIS MMOU. The NAIC and the states will communicate and coordinate with the FIO, USTR and other relevant federal authorities as appropriate with respect to this process.
Section E: History of Performance of Domestic Reinsurers

The jurisdiction is requested to provide a general description with respect to the historical performance of reinsurers domiciled in the jurisdiction. The NAIC does not intend to review confidential company-specific information under this section. Rather, it is intended that any information provided would be publicly available, unless specifically addressed with the jurisdiction under review. This discussion should address, at a minimum, the following information:

a. Number of reinsurers domiciled in the jurisdiction, and a list of any reinsurers domiciled in the jurisdiction that have and maintain, on an ongoing basis, minimum capital and surplus, or its equivalent, of no less than $250,000,000.

b. Up to a 10-year history of any regulatory actions taken against specific reinsurers.

c. Up to a 10-year history listing any reinsurers that have gone through insolvency proceedings, including the size of each insolvency and a description of the related outcomes (e.g., reinsurer rehabilitated or liquidated, payout percentage of claims to priority classes, payout percentage of claims to domestic and foreign claimants).

d. Up to a 10-year history of any significant industry-wide fluctuations in capital or profitability with respect to domestic reinsurers.

**Drafting Note:** The NAIC will determine the appropriate time period for review on a case-by-case basis with respect to this information.

Section F: Enforcement of Final U.S. Judgments

The NAIC has previously collected information from a number of jurisdictions with respect to enforcement of final U.S. judgments. The jurisdiction is also requested to provide a current description or explanation of any restrictions with respect to the enforcement of final foreign judgments in the jurisdiction. Based on the foregoing information, the NAIC will make an assessment of the effectiveness of the ability to enforce final U.S. judgments in the jurisdiction. This will include a review of the status, interpretations, application and enforcement of various treaties, conventions and international agreements with respect to final judgments, arbitration and choice of law. The Qualified Jurisdiction Working Group will monitor the enforcement of final U.S. judgments and the Qualified Jurisdiction is requested to notify the NAIC of any developments in this area.

Section G: Solvent Schemes of Arrangement

The jurisdiction is requested to provide a description of any legal framework that allows reinsurers domiciled in the jurisdiction to propose or participate in any solvent scheme of arrangement or similar procedure. In addition, the jurisdiction is requested to provide a description of any solvent scheme of arrangement or similar procedure that a domestic reinsurer has proposed or participated in and the outcome of such procedure.
V. Appendices: Specific Guidance with Respect to Section A and Section B

It is important to note that Part IV, Section A: Laws and Regulations, and Part IV, Section B: Regulatory Practices and Procedures, are derived from the NAIC Financial Regulation Standards and Accreditation Program, which is intended to establish and maintain standards to promote sound insurance company financial solvency regulation among the U.S. states. As such, the NAIC Accreditation Program requires the states to employ laws, regulations and administrative policies and procedures substantially similar to the NAIC accreditation standards in order to be considered an accredited state.

However, it is not the intent of the Evaluation Methodology to require applicant jurisdictions to meet the standards required by the NAIC for accreditation. Instead, Section A and Section B (and their corresponding appendices) are intended to provide a framework to facilitate an outcomes-based evaluation by the NAIC and state insurance regulators of the effectiveness of the jurisdiction’s supervisory authority. This framework consists of a description of the jurisdiction’s laws, regulations, practices and procedures applicable to the supervision of its domestic reinsurers. The amount of detail provided within these appendices should not be interpreted as specific requirements that must be met by the applicant jurisdiction. Rather, the information is intended to provide direction to the applicant jurisdiction in an effort to facilitate a complete response and increase the efficiency and timeliness of the evaluation process.
Appendix A: Laws and Regulations

1. Examination Authority

Does the jurisdiction have the authority to examine its domestic reinsurers? This description should address the following:

   a. Frequency and timing of examinations and reports.
   b. Guidelines for examination.
   c. Whether the jurisdiction has the authority to examine reinsurers whenever it is deemed necessary.
   d. Whether the jurisdiction has the authority to have complete access to the reinsurer’s books and records and, if necessary, the records of any affiliated company.
   e. Whether the jurisdiction has the authority to examine officers, employees and agents of the reinsurer when necessary with respect to transactions directly or indirectly related to the reinsurer under examination.
   f. Whether the jurisdiction has the authority to share confidential information with U.S. state insurance regulatory authorities, provided that the recipients are required, under their law, to maintain its confidentiality.

2. Capital and Surplus Requirement

Does the jurisdiction have the authority to require domestic reinsurers to maintain a minimum level of capital and surplus to transact business? This description should address the following:

   a. Whether the jurisdiction has the authority to require reinsurers to maintain minimum capital and surplus, including a description of such minimum amounts.
   b. Whether the jurisdiction has the authority to require additional capital and surplus based on the type, volume and nature of reinsurance business transacted.
   c. Capital requirements for reinsurers, including reports and a description of any specific levels of regulatory intervention.

3. Accounting Practices and Procedures

Does the jurisdiction have the authority to require domestic reinsurers to file appropriate financial statements and other financial information? This description should address the following:

   a. Description of the accounting and reporting practices and procedures.
   b. Description of any standard financial statement blank/reporting template, including description of content/disclosure requirements and corresponding instructions.

4. Corrective Action

Does the jurisdiction have the authority to order a reinsurer to take corrective action or cease and desist certain practices that, if not corrected or terminated, could place the reinsurer in a hazardous financial condition? This description should address the following:

   a. Identification of specific standards which may be considered to determine whether the continued operation of the reinsurer might be hazardous to the general public.
   b. Whether the jurisdiction has the authority to issue an order requiring the reinsurer to take corrective action when it has been determined to be in hazardous financial condition.
5. Regulation and Valuation of Investments

What authority does the jurisdiction have with respect to regulation and valuation of investments? This description should address the following:

a. Whether the jurisdiction has the authority to require a diversified investment portfolio for all domestic reinsurers as to type, issue and liquidity.

b. Whether the jurisdiction has the authority to establish acceptable practices and procedures under which investments owned by reinsurers must be valued, including standards under which reinsurers are required to value securities/investments.

6. Holding Company Systems

Does the jurisdiction have laws or regulations with respect to supervision of the group holding company systems of reinsurers? This description should address the following:

a. Whether the jurisdiction has access to information via the parent or other regulated group entities about activities or transactions within the group involving other regulated or non-regulated entities that could have a material impact on the operations of the reinsurer.

b. Whether the jurisdiction has access to consolidated financial information of a reinsurer’s ultimate controlling person.

c. Whether the jurisdiction has the authority to review integrity and competency of management.

d. Whether the jurisdiction has approval and intervention powers for material transactions and events involving reinsurers.

e. Whether the jurisdiction has authority to monitor, or has prior approval authority over:
   i. Change in control of domestic reinsurers.
   ii. Dividends and other distributions to shareholders of the reinsurer.
   iii. Material transactions with affiliates.

7. Risk Management

Does the jurisdiction have the authority to require its domestic reinsurers to maintain an effective risk-management function and practices? This description should address the following:

a. Whether the jurisdiction has Own Risk and Solvency Assessment (ORSA) requirements and reporting.

b. Any requirements regarding the maximum net amount of risk to be retained by a reinsurer for an individual risk based on the reinsurer’s capital and surplus.

c. Whether the jurisdiction has authority to monitor enterprise risk, including any activity, circumstance, event (or series of events) involving one or more affiliates of a reinsurer that, if not remedied promptly, is likely to have a material adverse effect on the financial condition or liquidity of the reinsurer or its insurance holding company system as a whole.

d. Whether the jurisdiction has corporate governance requirements for reinsurers.
8. **Liabilities and Reserves**

Does the jurisdiction have standards for the establishment of liabilities and reserves (technical provisions) resulting from reinsurance contracts? This description should address the following:

- a. Liabilities incurred under reinsurance contracts for policy reserves, unearned premium, claims and losses unpaid, and incurred but not reported (IBNR) claims (including whether discounting is allowed for reserve calculation/reporting).
- b. Liabilities related to catastrophic occurrences.
- c. Whether the jurisdiction requires an opinion on reserves and loss and loss adjustment expense reserves by a qualified actuary or specialist for all domestic reinsurers, and the frequency of such reports.

9. **Reinsurance Ceded**

What are the jurisdiction’s requirements with respect to the financial statement credit allowed for reinsurance retroceded by its domestic reinsurers? This description should address the following:

- a. Credit for reinsurance requirements applicable to reinsurance retroceded to domestic and non-domestic reinsurers.
- b. Collateral requirements applicable to reinsurance contracts.
- c. Whether the jurisdiction requires a reinsurance agreement to provide for insurance risk transfer (i.e., transfer of both underwriting and timing risk).
- d. Requirements applicable to special purpose reinsurance vehicles and insurance securitizations.
- e. Affiliated reinsurance transactions and concentration risk.
- f. Disclosure requirements specific to reinsurance transactions, agreements and counterparties, if such information is not provided under another item.

10. **Independent Audits**

Does the jurisdiction require annual audits of domestic reinsurers by independent certified public accountants or similar accounting/auditing professional recognized in the applicant jurisdiction? This description should address the following:

- a. Requirements for the filing of audited financial statements prepared in conformity with accounting practices prescribed or permitted by the supervisory authority.
- b. Contents of annual audited financial reports.
- c. Requirements for selection of auditor.
- d. Allowance of audited consolidated or combined financial statements.
- e. Notification of material misstatements of financial condition.
- f. Supervisor’s access to auditor’s workpapers.
- g. Audit committee requirements.
- h. Requirements for reporting of internal control-related matters.

11. **Receivership**

Does the jurisdiction have a receivership scheme for the administration of reinsurers found to be insolvent? This should include a description of any liquidation priority afforded to policyholders and the liquidation priority of
reinsurance obligations to domestic and non-domestic ceding insurers in the context of an insolvency proceeding of a reinsurer.

12. Filings with Supervisory Authority

Does the jurisdiction require the filing of annual and interim financial statements with the supervisory authority? This description should address the following:

   a. The use of standardized financial reporting in the financial statements, and the frequency of relevant updates.
   b. The use of supplemental data to address concerns with specific companies or issues.
   c. Filing format (e.g., electronic data capture).
   d. The extent to which financial reports and information are public records.

13. Reinsurance Intermediaries

Does the jurisdiction have a regulatory framework for the regulation of reinsurance intermediaries?

14. Other Regulatory Requirements with respect to Reinsurers

Any other information necessary to adequately describe the effectiveness of the jurisdiction’s laws and regulations with respect to its reinsurance supervisory system.
Appendix B: Regulatory Practices and Procedures

1. Financial Analysis

What are the jurisdiction’s practices and procedures with respect to the financial analysis of its domestic reinsurers? Such description should address the following:

a. Qualified Staff and Resources
   The resources employed to effectively review the financial condition of all domestic reinsurers, including a description of the educational and experience requirements for staff responsible for financial analysis.

b. Communication of Relevant Information to/from Financial Analysis Staff
   The process under which relevant information and data received by the supervisory authority are provided to the financial analysis staff and the process under which the findings of the financial analysis staff are communicated to the appropriate person(s).

c. Supervisory Review
   How the jurisdiction’s internal financial analysis process provides for supervisory review and comment.

d. Priority-Based Analysis
   How the jurisdiction’s financial analysis procedures are prioritized in order to ensure that potential problem reinsurers are reviewed promptly.

e. Depth of Review
   How the jurisdiction’s financial analysis procedures ensure that domestic reinsurers receive an appropriate level or depth of review commensurate with their financial strength and position.

f. Analysis Procedures
   How the jurisdiction has documented its financial analysis procedures and/or guidelines to provide for consistency and continuity in the process and to ensure that appropriate analysis procedures are being performed on each domestic reinsurer.

g. Reporting of Material Adverse Findings
   The process for reporting material adverse indications, including the determination and implementation of appropriate regulatory action.

h. Early Warning System/Stress Testing
   Whether the jurisdiction has an early warning system and/or stress testing methodology that is utilized with respect to its domestic reinsurers.

2. Financial Examinations

What are the jurisdiction’s practices and procedures with respect to the financial examinations of its domestic reinsurers? Such description should address the following:

a. Qualified Staff and Resources
   The resources employed to effectively examine all domestic reinsurers. This should include whether the jurisdiction prioritizes examination scheduling and resource allocation commensurate with the financial strength and position of each reinsurer, and a description of the educational and experience requirements for staff responsible for financial examinations.
b. **Communication of Relevant Information to/from Examination Staff**
   The process under which relevant information and data received by the supervisory authority are provided to the examination staff and the process under which the findings of the examination staff are communicated to the appropriate person(s).

c. **Use of Specialists**
   Whether the supervisory authority’s examination staff includes specialists with appropriate training and/or experience or whether the supervisory authority otherwise has available qualified specialists that will permit the supervisory authority to effectively examine any reinsurer.

d. **Supervisory Review**
   Whether the supervisory authority’s procedures for examinations provide for supervisory review.

e. **Examination Guidelines and Procedures**
   Description of the policies and procedures the supervisory authority employs for the conduct of examinations, including whether variations in methods and scope are commensurate with the financial strength and position of the reinsurer.

f. **Risk-Focused Examinations**
   Does the supervisory authority perform and document risk-focused examinations and, if so, what guidance is utilized in conducting the examinations? Are variations in method and scope commensurate with the financial strength and position of the reinsurer?

g. **Scheduling of Examinations**
   Whether the supervisory authority’s procedures provide for the periodic examination of all domestic reinsurers, including how the system prioritizes reinsurers that exhibit adverse financial trends or otherwise demonstrate a need for examination.

h. **Examination Reports**
   Description of the format in which the supervisory authority’s reports of examinations are prepared, and how the reports are shared with other jurisdictions under information-sharing agreements.

i. **Action on Material Adverse Findings**
   What are the jurisdiction’s procedures regarding supervisory action in response to the reporting of any material adverse findings.

3. **Information Sharing**

   Does the jurisdiction have a process for the sharing of otherwise confidential documents, materials, information, administrative or judicial orders, or other actions with U.S. state regulatory officials, provided that the recipients are required, under their law, to maintain its confidentiality?

4. **Procedures for Troubled Reinsurers**

   What procedures does the jurisdiction follow with respect to troubled reinsurers?

5. **Organization, Licensing and Change of Control of Reinsurers**

   What processes does the supervisory authority use to identify unlicensed or fraudulent activities? The description should address the following:
a. **Licensing Procedure**
Whether the supervisory authority has documented licensing procedures that include a review and/or analysis of key pieces of information included in a primary licensure application.

b. **Staff and Resources**
The educational and experience requirements for staff responsible for evaluating company licensing.

c. **Change in Control of a Domestic Reinsurer**
Procedures for the review of key pieces of information included in filings with respect to a change in control of a domestic reinsurer.
October 9, 2019

Mr. Jake Stultz
Senior Accounting and Reinsurance Policy Advisor
and
Mr. Dan Schelp
Chief Counsel, Regulatory Affairs
National Association of Insurance Commissioners
1100 Walnut St.
Kansas City, MO  64106
[via e-mail]

Re:  Process for Evaluating Qualified and Reciprocal Jurisdictions & evaluations of France, U.K., Ireland and Germany

Dear Messrs. Stultz and Schelp:

The American Council of Life Insurers (ACLI) advocates on behalf of 280 member companies dedicated to providing products and services that promote consumers’ financial and retirement security. Ninety million American families depend on our members for life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, dental and vision and other supplemental benefits. ACLI represents member companies in state, federal and international forums for public policy that supports the industry marketplace and the families that rely on life insurers’ products for peace of mind. ACLI members represent 95 percent of industry assets in the United States. ACLI also represents all professional life reinsurers assuming mortality and morbidity risks in the United States.

We appreciate the opportunity to comment on the exposure draft updating the process for evaluating qualified and reciprocal jurisdictions. We generally support the exposure draft, although there were a few areas we felt could benefit from additional clarity or minor revisions. Our technical comments are below:

**TECHNICAL COMMENTS**

**Section II. Principles for the Evaluation of Non-U.S. Jurisdictions**

**Item 3, page 5**
The proposed language in item 3 states that in order for a Qualified Jurisdiction to become a Reciprocal Jurisdiction it must "agree to adhere to the same reciprocity standards" as Covered Agreement Jurisdictions “including the requirement that the Qualified Jurisdiction must agree to recognize the states’ approach to group supervision, including group capital, as provided under the Credit for Reinsurance Model Act.” While this is true, the reciprocity standards go beyond the recognition of the U.S. group capital and group supervision regime (e.g., the qualified jurisdiction cannot require a local presence requirement in exchange for reinsurance credit, impose group supervision/group capital at the world-wide parent level, and must establish an information sharing agreement).

Recommendation:  Consider expanding this section to include all relevant reciprocity standards.

Questions about item 3, page 5:

- How will adherence to reciprocity be evaluated by the Qualified Jurisdiction Working Group?

Section III. Procedure for Evaluation of Non-US Jurisdictions

Item 2b (Evaluation of Jurisdiction), page 8

In item 2b (page 8), the draft adds a provision indicating the NAIC will notify non-US jurisdictions of any “additional information” upon which the Working Group is relying on “beyond the information” provided by the jurisdiction.

Item 2a notes that the Working Group may request or accept relevant information from reinsurers domiciled in the jurisdiction under review. It is unclear if information from reinsurers domiciled in the jurisdiction is the “additional information” that the Working Group is referencing in 2b, or if the Working Group is contemplating sources other than reinsurers who are domiciled in the jurisdiction and the other listed sources in 2a. In any case, it might be useful to know the authority surrounding the collection of “additional” information. It would also be instructive to know if the Working Group currently relies on this type of “additional information” in their evaluation practices.

Item 13(c)(iii) (Review of Qualified Jurisdictions as Reciprocal Jurisdictions), page 14

Item 13(c)(iii) tracks section 9(B)(3)(c) of the Credit for Reinsurance Model Regulation (#786) very closely. It appears that the intent of item 13(c)(iii) is to establish that an insurer’s group supervisor, and the corresponding group supervisory authority and rules, should be controlling. Thus, all other supervisors should respect the jurisdiction’s supervisory authority and not apply additional “group governance, solvency, capital or reporting requirements.” While we recognize that this language mirrors section 9(B)(3)(c) of the Credit for Reinsurance Model Regulation, we are recommending a small change to improve the clarity of the provision:

Recommendation:  We suggest rewording, as follows, to clarify the applicable supervisor authority:

“The Qualified Jurisdiction must recognize the U.S. state regulatory approach to group supervision and group capital, by providing written confirmation by its competent regulatory authority that insurers and insurance groups that are domiciled or maintain their headquarters in this state or another US jurisdiction accredited by the NAIC shall be subject only to worldwide prudential insurance group supervision including worldwide group governance, solvency and capital, and reporting, as by the applicable US regulator, and will not be subject to group supervision at the level of the worldwide parent undertaking of the insurance or reinsurance group, by the Qualified Jurisdiction;”
**Item 13(c)(v), page 14-15**

This item requires that non-U.S. jurisdictions must confirm that their assuming insurers who have been granted an “exemption” from state collateral requirements are complying with the minimum capital and surplus levels and ratios required in section 9(c)(2) and 9(c)(3) of the Credit for Reinsurance Model Regulation.

We recommend substituting the word “relief” for exemption, because “relief” is a better representation of the public policy positions guiding the collateral reduction provisions in section 9. The sections providing for reduced and zero collateral are just two, among a variety of ways, that a U.S. ceding insurer may receive credit for reinsurance. We don’t believe that these two mechanisms for credit are “exemptions” – instead they represent public policy decisions based on sound domiciliary regulation and the assuming insurers ability and willingness to pay.

**Recommendation:** Substitute the word “relief” for exemption in item 13(c)(v), page 14.

**Item 13(d), bullet 2, page 15**

This section sets the criteria for the written confirmation that the chief insurance supervisor of a Qualified Jurisdiction being evaluated as a Reciprocal Jurisdiction must provide to the NAIC. We recommend clarifying the language in bullet 2, for the same reasons we cited in item 13(c)(iii).

**Recommendation:** We suggest rewording, as follows, to clarify the applicable supervisor authority:

“The Qualified Jurisdiction must recognize the U.S. state regulatory approach to group supervision and group capital, by providing written confirmation by its competent regulatory authority that insurers and insurance groups that are domiciled or maintain their headquarters in this state or another US jurisdiction accredited by the NAIC shall be subject only to worldwide prudential insurance group supervision including worldwide group governance, solvency and capital, and reporting, as by the applicable US regulator, and will not be subject to group supervision, at the level of the worldwide parent undertaking of the insurance or reinsurance group, by the Qualified Jurisdiction;”

**Conclusion**

Again, thank you for the opportunity to review and submit comments on the exposure draft, as well as the opportunity to review the re-evaluations and approvals of the United Kingdom, France, Germany, and Ireland. We look forward to the opportunity to review the re-evaluations of Bermuda, Switzerland and Japan. Thank you for your ongoing work on this task.

Sincerely,

Mariana Gomez-Vock

Steven Clayburn, FSA, MAAA
9/30/2019

Dear Mr. Schelp,

Many thanks for giving us the opportunity to comment the report.

We have read it and have no further comments to the current text. We would be satisfied with the proposed result of your evaluation.

In addition to it we would like to take the opportunity to inform you that our new leaflet for US reinsurers is online in English language (please see link below).

The planned amendment of § 67 (1) VAG with respect to the exemption from the license requirement in cases where the EU has concluded an agreement is now part of another legislative procedure (implementation of the Money Laundering Directive). Although the clarification in the law will still take some time, nonetheless, the leaflet describes the situation for US reinsurers with the sufficient legal clarity.

Just as a suggestion, an additional reference on this in your report may be also helpful for the understanding and could provide the reader of the report with the latest information of the German market.

Link to the English version: https://www.bafin.de/dok/13008940

Best regards,

Petra Faber-Graw
Deputy Head of Department International Policy, Financial Stability and Regulation (IFR)
Head of Section IFR 5
International Policy Insurance and Pensions

Bundesanamt für Finanzdienstleistungsaufsicht
Graurheindorfer Strasse 108
53117 Bonn
Reinsurers from the USA to carry out reinsurance business with primary insurance or reinsurance undertakings in Germany

Content

I. Conditions for carrying out business without the need for authorisation

II. Submission process

III. Information to be provided to market participants

The EU and the USA have signed a bilateral agreement that, among other things, will make it possible for reinsurers from the USA to carry out reinsurance business with primary insurance or reinsurance undertakings in the EU without a branch being required in the relevant EU member state ("Bilateral Agreement between the European Union and the United States of America on prudential measures regarding insurance and reinsurance", referred to in the following as "the Agreement"). This is only possible, however, if the reinsurer from the USA meets the requirements set out in the Agreement.

I. Conditions for carrying out business without the need for authorisation

If the undertaking-specific criteria set out in the Agreement are met, no authorisation or branch under section 67 (1) sentence 1 of the Insurance Supervision Act (Versicherungsaufsichtsgesetz - VAG) is required to carry out reinsurance business in Germany. The relevant requirements can be found in Article 3(4) of the Agreement. These relate on the one hand to certain financial conditions. On the other, reinsurers from the USA are required to submit certain declarations to the insurance supervisory authority responsible for the ceding insurer and to meet further conditions applying to their business activities. A distinction is made here between initial and subsequent submissions.

1. Initial submission

The following documents must be submitted to BaFin for the initial submission:

1.1. a declaration by the assuming reinsurer that it will provide prompt written notice and explanations to BaFin if:
a. it falls below the minimum capital and surplus or own funds, as applicable, specified in Article 3(4)(a) of the Agreement, or the capital ratio specified in Article 3(4)(b) of the Agreement; or

b. any regulatory action is taken against it for serious noncompliance with applicable law (Article 3(4)(c) of the Agreement).

1.2. a written confirmation by the assuming reinsurer regarding its consent to the jurisdiction of the courts of the territory in which the ceding insurer has its head office or is domiciled (Article 3(4)(d) of the Agreement).

1.3. a written declaration that the assuming reinsurer will pay all final judgments, wherever enforcement is sought, obtained by a ceding insurer, that have been declared enforceable in the territory where the judgment was obtained (Article 3(4)(f) of the Agreement).

1.4. submission of the following documents and information:

a. annual audited financial statements in accordance with the applicable law of the territory of the head office of the assuming reinsurer, including the external audit report, with respect to the preceding two years (Article 3(4)(h)(i) of the Agreement).  
Note: if the undertaking is not subject to a requirement to prepare its own audit annual financial statements and if it is included in annual financial statements that cover several undertakings, this must be stated explicitly.

b. solvency and financial condition reports or actuarial opinions, if filed with the assuming reinsurer’s supervisor, with respect to the preceding two years (Article 3(4)(h)(ii) of the Agreement);

c. a list of all disputed and overdue reinsurance claims outstanding for 90 days or more, regarding reinsurance contracts from ceding insurers from Germany (Article 3(4)(h)(iii) of the Agreement);  
Note: if this information is not evident from the documents submitted, reference must be made to the precise location of the information. If there are no such reinsurance claims, an express statement to this effect must be made.

d. information regarding the assuming reinsurer’s assumed reinsurance by ceding undertaking, ceded reinsurance by the assuming reinsurer, and reinsurance recoverable on paid and unpaid losses by the assuming reinsurer, to allow for the evaluation of the criteria defined in Article 3(4)(i) of the Agreement (Article 3(4)(h)(i) of the Agreement).

Note: The undertaking is at liberty to submit the annual statement, or extracts from it, prepared under national law in the home country. Reference must be made to the precise source of the information. To determine whether payments are prompt as required by Article 3(4)(i) of the Agreement, the following information must always be submitted in summary form:

- the amount of reinsurance recoverables due from the assuming reinsurer from the USA and
• the amount of reinsurance recoverables due from the assuming reinsurer in the USA that are overdue and in dispute (see Article 3(4)(i)(i) of the Agreement);
• the number of ceding insurers and reinsurers of the assuming reinsurer from the USA and the number of ceding insurers and reinsurers of the assuming reinsurer from the USA that have overdue reinsurance recoverables on paid losses of 90 days or more that are not in dispute and that exceed USD 100,000 for each ceding insurer (see Article 3(4)(i)(ii) of the Agreement);
• the aggregate amount of reinsurance recoverables due from the reinsurer from the USA that are not in dispute but are overdue by 90 days or more (see Article 3(4)(i)(iii) of the Agreement).

1.5. written confirmation by the assuming reinsurer that it is not presently participating in any solvent scheme of arrangement that involves European Union ceding insurers, and a declaration that it will notify the ceding insurer and BaFin and provide 100 per cent collateral to the ceding insurer consistent with the terms of the scheme should the reinsurer enter into such an arrangement (Article 3(4)(j) of the Agreement).

1.6. confirmation by the competent authority that the reinsurer complies with the risk-based capital ratio within the meaning of Article 3(4)(b) (Article 3(4)(l) of the Agreement).
Note: Evidence of compliance with the capital requirements as defined in Article 3(4)(a) of the Agreement must be provided. Where compliance with the capital requirements is not already evident from the confirmation by the competent authority, compliance with the capital requirements as defined in Article 3(4)(a) of the Agreement must be evidenced by other means. Where attached documents are referred to, reference must be made to the precise location of the information.

2. Subsequent submissions
Under the Agreement, the supervisory agency can periodically require the reinsurer from the USA to submit documents. BaFin expects the following documents to be submitted each year:

a. annual audited financial statements in accordance with the applicable law of the territory of the head office of the assuming reinsurer, including the external audit report (Article 3(4)(h)(i) of the Agreement).

b. a list of all disputed and overdue reinsurance claims outstanding for 90 days or more, regarding reinsurance contracts from ceding insurers from Germany (Article 3(4)(h)(ii) of the Agreement);

c. information regarding the assuming reinsurer’s assumed reinsurance by ceding company, ceded reinsurance by the assuming reinsurer, and reinsurance recoverable on paid and unpaid losses by the assuming reinsurer, to allow for the evaluation of the criteria set forth in Article 3(4)(i) of the Agreement (Article 3(4)(h)(i) of the Agreement).
d. confirmation by the competent authority that the reinsurer complies with the risk-based capital ratio within the meaning of Article 3(4)(b) of the Agreement (Article 3(4)(l) of the Agreement). The notes contained in paragraph 1.4 above must be observed in this respect. BaFin presumes that the documents will be submitted directly after the audit of the annual financial statements within the meaning of Article 3(4)(h)(i) of the Agreement.

3. Other conditions

The reinsurer must additionally observe the following conditions:

3.1 the assuming reinsurer must meet certain capital requirements ("capital and surplus" of at least EUR 226 million (Article 3(4)(a) of the Agreement) as well as certain local risk-based capital requirements (at least 300% "Authorized Control Level" (Article 3(4)(b) of the Agreement)).

3.2. the assuming reinsurer agrees in each reinsurance contract subject to the Agreement that it will provide collateral for 100 per cent of the assuming reinsurer's liabilities attributable to reinsurance ceded pursuant to this agreement if the assuming reinsurer resists enforcement of a final judgment that is enforceable under the law of the territory in which it was obtained or a properly enforceable arbitration award, whether obtained by the ceding insurer or by its resolution estate, if applicable (Article 3(4)(g) of the Agreement).

3.3. the assuming reinsurer maintains a practice of prompt payment of claims under reinsurance contracts; the lack of prompt payment will be evidenced if any of the criteria specified in Article 3(4)(i)(i -iii) of the Agreement is met (Article 3(4)(i) of the Agreement).

3.4 if subject to a legal process of resolution, receivership or winding-up proceedings as applicable, the ceding insurer, or its representative, may seek and, if determined appropriate by the court in which the resolution, receivership or winding-up proceedings is pending, may obtain an order requiring that the assuming reinsurer post collateral for all outstanding ceded liabilities (Article 3(4)(k) of the Agreement).

3.5. In addition, the assuming reinsurer is subject to requirements to provide information to BaFin in the cases referred to in Article 3(4)(c) and to BaFin and the ceding insurer in the cases referred to Article 3(4)(j) of the Agreement.

3.6. BaFin presumes that the declaration by the assuming reinsurer under Article 3(4)(f) of the Agreement that it will pay all final judgments obtained by a ceding insurer, wherever enforcement is sought, that have been declared enforceable in the territory where the judgment was obtained, will also be communicated to the German ceding insurer or will be embedded in reinsurance contracts.

II. Submission process

1. Formal requirements
Original versions of all declarations by the assuming reinsurer referred to above must be submitted to BaFin in writing and signed by the governing body authorised to represent the assuming reinsurer. Scans are not sufficient in this respect.

The documentation can be filed in English. If no translation into German of the submitted documents is filed, an original version of a declaration, signed by the governing body authorised to represent the assuming reinsurer, must be submitted in which the reinsurer undertakes to submit a translation of the documents to BaFin on request.

2. Submission method

Submissions and questions can be sent by email to reinsurance@bafin.de. For the submissions, it should be noted that the declarations referred to above that must be notified to BaFin must be submitted as original documents, and not merely as scans. The other documents can be submitted electronically.

3. Contact data and communication

It is recommended to provide details of contacts at the undertaking to which questions about the submissions can be sent as well as details of contacts at the competent authority. BaFin will respond in writing to submissions. This can be sent in advance by fax on request if the undertaking has notified a fax number.

III. Information to be provided to market participants

A summary of reinsurers from the USA that have submitted the necessary documents and information by 30 June of each year will be made available in a table published on BaFin’s website. The table will only contain reinsurers that have expressly given their consent to be included in the table. Where market participants send questions to BaFin about individual reinsurers from the USA, BaFin will only provide information about the submissions if the reinsurer from the USA has consented to the communication of information about the status of the submissions.

https://www.bafin.de/dok/13008940

© BaFin
4 October 2019

VIA EMAIL to jstultz@naic.org and dschelp@naic.org

Reinsurance Task Force at the National Association of Insurance Commissioners
1100 Walnut Street
Suite 1500
Kansas City, MO 64106-2197


The Bermuda International Long Term Insurers and Reinsurers ("BILTIR") thanks the National Association of Insurance Commissioners ("NAIC")'s Qualified Jurisdiction ("QJWG") for its commendable work. The following comments are submitted by BILTIR, on behalf of our member companies, regarding the Exposure.

BILTIR was formally incorporated on June 9, 2011 and represents 63 companies. BILTIR is committed to supporting the long-term insurance and reinsurance industry's growth and success in Bermuda and globally.

We have outlined the thoughts and comments of our BILTIR members to the Exposure below.

<table>
<thead>
<tr>
<th>Section</th>
<th>Comment</th>
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<tbody>
<tr>
<td>Delay in re-approving Bermuda, Switzerland, and Japan as Qualified Jurisdictions (general comment)</td>
<td>The QJWG’s delay in exposing the Qualified Jurisdiction (&quot;QJ&quot;) status of the non-covered-agreement countries arguably is not consistent with the NAIC’s commitment to try to achieve parity. On one hand it is understandable that the NAIC would wait to assess QJ’s status and Reciprocal Jurisdiction status at the same time. On the other hand, the process to re-approve Bermuda, Japan, and Switzerland as QJ’s is not very onerous. Likewise, since there could be unexpected developments during updating of the process or related workstreams, setting the re-designation process in motion would be worthwhile. Consideration should be given to moving forward with QJWG re-approval for all jurisdictions, rather than just those under a covered agreement.</td>
</tr>
<tr>
<td>Switch from 5-year to 1-year review (page 13)</td>
<td>While this change may create additional regulatory burdens, we are operating on the assumption that the regulators’ intent is to make the designation process more regular rather than to create additional process. We ask the NAIC to ensure that the diligence related to the annual process not be overly burdensome, since the process will now be more frequent.</td>
</tr>
<tr>
<td>Ambiguity regarding regulatory authority (page 14)</td>
<td>Page 14 of the Exposure contains some inartful drafting. The language in paragraph 13.c.iii does not confirm whom a group will be “subject only to worldwide prudential insurance group supervisions …” One clarifying approach would be as follows: The QJ must recognize the U.S. state regulatory approach to group supervision and group capital, by providing written confirmation by its…</td>
</tr>
</tbody>
</table>
competent regulatory authority that insurers and insurance groups that are domiciled or maintain their headquarters in this state or another jurisdiction accredited by the NAIC shall be subject only to worldwide prudential insurance group supervision including worldwide group governance, solvency and capital, and reporting, as applicable, from the U.S. national state-based system of regulation, and will not be subject to group supervision at the level of the worldwide parent undertaking of the insurance or reinsurance group by the QJ…

If a change is made in 13.c.ii, a corresponding change should be made in 13.d on page 15, regarding the confirming letter provided by a Reciprocal Jurisdiction.

Characterization of “Exemption” (page 14)  
Page 14, paragraph 13.c.v refers to collateral relief through the Reciprocal Jurisdiction process as an “exemption” however in our view the collateral relief is better thought of as one of the ways to qualify for full credit for reinsurance. Reference to the Reciprocal Jurisdiction provisions as an “exemption” mischaracterizes the basis for collateral relief as an exception to the rule rather than an avenue specifically contemplated as a way to get credit for reinsurance cessions. Consider referring to the collateral relief as “qualifying for credit for reinsurance,” rather than an “exemption.”

We look forward to working with the NAIC’s QJWG further in this regard.

Sincerely,

BILTIR

Copy to: BILTIR Board of Directors
8 October 2019

Re: Re-Evaluation of Ireland as a Qualified Jurisdiction

Dear Mr. Schelp,

I refer to your email of 3rd of September advising the Central Bank of Ireland of a 30-day public comment period on the proposed recommendation for Ireland to continue to be recognized as a Qualified Jurisdiction based on the conclusions reached in the “Summary of Findings and Determination with respect to Ireland”.

Considering that this time has just expired, we are looking forward to continue to engage with the NAIC in order to finalize the process and we are committed to providing whatever assistance is required.

Yours sincerely

[Signature]

Gerry Cross
Director, Financial Regulation - Policy & Risk

CC: Jake Stultz (jstultz@naic.org)
John Rehagen (John.Rehagen@insurance.mo.gov)
Robert Wake (Robert.A.Wake@maine.gov)
Ekrem Sarper (ESarper@naic.org)
Ethan Sonnichsen (ESonnichsen@naic.org)
Director Chlora Lindley-Myers, Chair (Missouri)
Director Ray Farmer, Vice Chair (South Carolina)
National Association of Insurance Commissioners, Reinsurance (E) Task Force
Via email to jstultz@naic.org, dschelp@naic.org

Re: GIAJ Comments on the proposed Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions

Dear Director Lindley-Myers and Director Farmer,

The General Insurance Association of Japan (GIAJ) appreciates the opportunity to comment on the proposed revisions to the Process for Evaluating Qualified and Reciprocal Jurisdictions.

We note that the proposed revisions incorporate principles such as consistency with existing rules, fair treatment among insurers, efficiency of supervision, and removal of duplicative regulations, which the GIAJ has been seeking.

We expect the actual evaluation processes regarding the Reciprocal Jurisdictions to which Qualified Jurisdictions are to be subjected and criteria which will be applied on Certified Reinsurers to be transparent and efficient.

We wish to submit some comments on the proposed revisions to individual paragraphs and the future evaluation processes.

1. Preamble
   The sentence in the last paragraph, “recognize key NAIC solvency initiatives, including group supervision and group capital standards”, does not seem to be used in the Credit for Reinsurance Model Law (#785) and Regulation (#786). From the standpoint of eliminating any prejudgments, we propose aligning the phrase with Section 9.B.(3)(c) in #786 and III. 13. c. iii. in this proposed revision. Specifically, it should be rewritten as follows: “recognize the U.S. state regulatory approach to group supervision and group capital”

   Also, another sentence in the same paragraph, “receive similar treatment as that provided under the EU and UK Covered Agreements”, seems ambiguous. Those jurisdictions which are RJ should be given the same treatment whether they conclude Covered Agreement with the US or not. Therefore, we propose revising it to “the same
treatment as that of the EU and UK”. Where it is necessary to cater for unintended legal interpretations caused by conclusion/non-conclusion of Covered Agreement, we propose revising it to "substantially the same treatment as that of the EU and UK”.

II. Principles for Evaluation of Non-U.S. Jurisdictions

Paragraph 3.
The sentence “recognize the states’ approach to group supervision, including group capital” does not seem to be used in the Credit for Reinsurance Model Law (#785) and Regulation (#786). From the standpoint of eliminating any prejudgments, we propose aligning the phrase with Section 9.B.(3)(c) in #786 and III. 13. c. iii. in this proposed revision. Specifically, it should be rewritten as follows: "recognize the U.S. state regulatory approach to group supervision and group capital"

Paragraph 7.
We welcome a reference to the “passporting” process which facilitates multi-state recognition of assuming insurers and encourages uniformity among states.

III. Procedure for Evaluation of Non-U.S. Jurisdictions

We note that “a yearly due diligence review” will be performed to determine whether ‘significant changes’ that might affect their status as Qualified Jurisdictions exist. We expect the review will not be too specific and will be performed efficiently. We would like the NAIC to clarify what will be assumed to be ‘significant changes’ as soon as the specific process of the review is determined.

From the standpoint of the efficiency of the regulations, we support the sentences below: “utilize such processes and procedures as outlined in the immediately-preceding paragraphs 1 – 12 of Section III. Procedure for Evaluation of Non-U.S. Jurisdictions such as the Qualified Jurisdiction Working Group deems appropriate.”

13. Review of Qualified Jurisdictions as Reciprocal Jurisdictions b.
At the same time, we propose clarifying to the extent possible from the standpoint of clarity of regulation, what are required in “until there has been sufficient United States experience with that jurisdiction and its Certified Reinsurers that the Working Group believes it is appropriate to progress from collateral reduction to collateral elimination” and “Nothing in this process requires a finding that a Qualified Jurisdiction meets the standards for recognition as a Reciprocal Jurisdiction, and the Qualified Jurisdiction Working Group may base such recommendation on factors not specifically included in this process”.

13. Review of Qualified Jurisdictions as Reciprocal Jurisdictions d.
In line with the points we made in our past comments, from the standpoint of efficiency, it should be sufficient if the recognition of the U.S. state regulatory approach to group supervision by Qualified Jurisdictions is secured in effect.
Others

We would like the NAIC to clarify the future process and schedule which Qualified Jurisdictions not subjected to an in-force Covered Agreement including Japan will go through, with regard to a yearly due diligence review of Qualified Jurisdictions and review of Qualified Jurisdictions as Reciprocal Jurisdictions.

Sincerely,

Makoto Kawagoe
General Manager,
International Business Planning Department
The General Insurance Association of Japan
October 2, 2019

Via Email

Robert Wake
Chair, Qualified Jurisdictions Working Group

Re: Exposure Re: Qualified Jurisdictions

Dear Mr. Wake,

This comment letter is submitted on behalf of Underwriters at Lloyd’s, London (“Lloyd’s”). We appreciate the hard work of the Qualified Jurisdictions Working Group in conducting the re-evaluation process for France, Germany, Ireland and the United Kingdom. Lloyd’s supports the Working Group’s recommendations to re-affirm these regulatory regimes as Qualified Jurisdictions.

We have also reviewed the proposed update to the process document to create a method for evaluating Reciprocal Jurisdictions. Lloyd’s support the proposed updates and the new process for Reciprocal Jurisdictions.

We would like to thank the regulators on the Qualified Jurisdictions Review Group for their swift and efficient work on this implementation.

Regards,

[Signature]
October 4, 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 Draft Process for Evaluating Qualified and Reciprocal Jurisdictions

Dear Director Lindley-Myers:

The Reinsurance Association of America (RAA) and the American Property and Casualty Insurance Association (APCIA) appreciate the opportunity to submit comments on the NAIC’s exposure draft of its Process for Evaluating Qualified and Reciprocal Jurisdictions.

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.

We appreciate the swift action on the part of the Reinsurance Task Force to prepare a revised draft of its Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions (now renamed the Process for Evaluating Qualified and Reciprocal Jurisdictions) to reflect the recently adopted 2019 revisions to the NAIC Credit for Reinsurance Model Law and Model Regulation. This is another important step in the implementation process for the U.S./EU and U.S./UK covered agreements and in the NAIC’s expressed goal to revise the credit for reinsurance framework in the
U.S. to create an equal playing field for all reinsurers that meet the legal requirements and commitments from the new category of “Reciprocal Jurisdictions.” The Process for Evaluating Qualified and Reciprocal Jurisdictions provides the framework through which U.S. and non-U.S. jurisdictions will be evaluated as Reciprocal Jurisdictions, principles for that evaluation and a structure for review of Reciprocal Jurisdiction status.

At a high level, the exposure draft makes the necessary changes to implement the changes reflected in the Credit for Reinsurance Model Law and Regulation. We appreciate the changes with respect to treatment of jurisdictions subject to an in-force covered agreement as well as those relevant to the treatment of U.S. NAIC-accredited jurisdictions and other non-U.S. jurisdictions seeking Reciprocal Jurisdiction status. That said, we ask RTF to consider the following comments:

**Enforcement/Evaluation Process**

As set forth in Section III (12), the Reciprocal Jurisdiction itself is obligated to provide notice to the Qualified Jurisdiction Working Group (QJWG) of a material change in their law that might affect their status as a Reciprocal Jurisdiction. Self-reporting without any enforcement mechanism is ineffective. At a minimum, a process should be specified for a dialogue between the QJWG and the Reciprocal Jurisdiction to address any issues once they have been identified. The framework should provide a mechanism for potential suspension of a Qualified or Reciprocal Jurisdiction’s status if it fails to bring a material detrimental change in their supervisory system to the attention of the QJWG and the matter cannot be promptly resolved. Suspension would continue while the matter is being fully evaluated by the QJWG and would be lifted upon resolution of the matter. With respect to jurisdictions subject to an in-force covered agreement, the framework should include a process for notification to relevant supervisory authorities for evaluation (such as the Joint Committee as specified in the U.S./EU and U.S./UK covered agreements).

In addition, the process for re-evaluation of the Reciprocal Jurisdiction’s status should be clearly set forth in the framework. We appreciate that the QJWG has moved away from reevaluation at specified time periods; however, the process followed by the QJWG should have some greater detail, including clear direction on how U.S. companies experiencing issues in a foreign jurisdiction may bring those to the attention of the Working Group. The framework does not specify a mechanism for companies to directly raise their concerns with the QJWG. While a U.S. jurisdiction (i.e. a company’s domestic regulator) can notify the QJWG of material changes to a Reciprocal Jurisdiction’s supervisory system as set forth in Section III (12) b, we recommend that the right of a U.S. company to bring an issue directly to the attention of the QJWG, any time they experience a serious issue, should be formally recognized in the Process document.

In addition, the framework does not provide immediacy to the review and suspension process for a Reciprocal or Qualified Jurisdiction. No timelines are specified in Section III (12) or elsewhere. The QJWG should consider adding timelines to Section III (12) b for notice by the jurisdiction of the adoption of a material adverse change, the time period in which a decision to re-evaluate or not will be made, with written reports relating to that decision whatever the outcome, and adding a timeframe for when suspensions and revocations take effect, as well as reinstatement upon proof that the law in question has been withdrawn.
Points of Clarification

Sections III (13) c iii and III (13) d address the commitments that a Reciprocal Jurisdiction not subject to an in-force covered agreement must make through a written conformation letter. With respect to the bullet point addressing recognition of the U.S. approach to group supervision we suggest the following clarifying revision:

The Qualified Jurisdiction must recognize the U.S. state regulatory approach to group supervision and group capital, by providing written confirmation by its competent regulatory authority that insurers and insurance groups that are domiciled or maintain their headquarters in this state or another U.S. jurisdiction accredited by the NAIC shall be subject only to worldwide prudential insurance group supervision including worldwide group governance, solvency and capital, and reporting, as by the applicable U.S. regulator, and will not be subject to group supervision at the level of the worldwide parent undertaking of the insurance or reinsurance group by the Qualified Jurisdiction;

In addition, in Section III (13) (c) (v) there is reference to Qualified Jurisdiction having “been granted an exemption” from state collateral requirements. We suggest that this phrase be edited to read “been granted relief” from state collateral requirements.

Conclusion

We appreciate the opportunity to offer comments and work with the NAIC to effectively implement revisions to framework for evaluating Qualified and Reciprocal Jurisdictions consistent with the U.S./EU and U.S./UK covered agreements and as reflected in the 2019 revisions to the NAIC Credit for Reinsurance Model Law and 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)
October 4, 2019

Dear Mr. Stultz,
Dear Mr. Schelp

Thank you and the NAIC for the possibility to comment on the proposed revisions to the Process for Evaluating Qualified and Reciprocal Jurisdictions. We appreciate the substantial effort the NAIC and state regulators have invested into bringing forward this subject matter.

As to the reciprocal jurisdiction’s recognition of the U.S. state regulatory approach to group supervision and group capital,

We would like to comment on one specific subparagraph in section III.13.d. on page 15 of the exposed document. In the draft, this paragraph reads:

- [Jurisdiction] recognizes the U.S. state regulatory approach to group supervision and group capital, and confirms that insurers and insurance groups that are domiciled or maintain their headquarters in jurisdictions accredited by the NAIC shall be subject only to worldwide prudential insurance group supervision including worldwide group governance, solvency and capital, and reporting, as applicable, and will not be subject to group supervision at the level of the worldwide parent undertaking of the insurance or reinsurance group by the [Jurisdiction].

Our understanding during the process has been that US state insurance regulators want to prevent (sub-)group supervisors of other jurisdictions from performing a worldwide insurance group supervision if the worldwide parent is domiciled in the US. In lieu thereof, such an insurance group should be supervised by one of the U.S. state regulators. As a matter of fact, Switzerland never has and would not claim to supervise the global group in this context, hence we have no objection against the intention of the paragraph cited above.

However, we believe the drafted wording is ambiguous as it is not sufficiently clear that the term “worldwide parent undertaking” refers to the worldwide insurance parent undertaking domiciled in the US. We illustrate this with the following example: In the case of an insurance group with the worldwide parent undertaking domiciled in the qualified jurisdiction and with a subgroup domiciled in the US, the paragraph could be interpreted and read in a way that the supervisor in the qualified jurisdiction would not be allowed to perform the worldwide group supervision, while this would be rather done by a U.S. state supervisor. This means that a regulator of a U.S. state being home to a subgroup of an international insurance group would request to be the global group supervisor.

This second interpretation is probably not the intended goal of the exposure draft. In order to avoid any ambiguity and legal uncertainty in this respect, we suggest an alternative wording, for instance:

- [Jurisdiction] recognizes the U.S. state regulatory approach to group supervision and group capital, and confirms that insurers and insurance or reinsurance groups that maintain their headquarters and the worldwide insurance parent undertaking in jurisdictions accredited by the NAIC shall be subject only to worldwide prudential insurance group supervision including worldwide group governance, solvency and capital, and reporting, as applicable, and will not be subject to group supervision at the level of the worldwide parent undertaking of the insurance or reinsurance group by the [Jurisdiction].
The same observation and suggestion applies also to a corresponding paragraph in section III.13.c, which could be amended as well.

We thank you for carefully considering our concern and thank again for the opportunity to comment. We stand ready to address any questions you may have.

Sincerely,

Thomas Luder

Insurance & Risks
Financial System & Financial Markets
State Secretariat for International Finance SIF
Swiss Federal Department of Finance FDF
Bundesgasse 3, CH-3003 Bern – Schweiz
Summary of Findings and Determination

France: Autorité de Contrôle Prudentiel et de Résolution (ACPR)

Re-Evaluation of Qualified Jurisdiction

Issued for Public Comment By:

Qualified Jurisdiction (E) Working Group

September 4, 2019

Updated: October 16, 2019
I. Re-Evaluation of France as a Qualified Jurisdiction

The Qualified Jurisdiction (E) Working Group of the National Association of Insurance Commissioners (NAIC) has completed this Summary of Findings and Determination with respect to its re-evaluation of the Autorité de Contrôle Prudentiel et de Résolution (ACPR), the lead insurance regulatory supervisor for France. It is the recommendation of the Working Group that the NAIC re-approve the ACPR as a Qualified Jurisdiction and continue its designation on the NAIC List of Qualified Jurisdictions, to be effective as of January 1, 2020. Further, the Working Group recommends that New York, Delaware be the Lead State for purposes of regulatory cooperation and information sharing with the ACPR. These recommendations are based on the following analysis.

II. Procedural History

On December 16, 2014, the NAIC Executive (EX) Committee and Plenary approved the ACPR as a Qualified Jurisdiction and placed it on the NAIC List of Qualified Jurisdictions, to be effective as of January 1, 2015. This designation as a Qualified Jurisdiction was to be valid for five years (absent a material change in circumstances) ending on December 31, 2019, after which the ACPR would be re-evaluated under the provisions of the Qualified Jurisdiction Process. Specifically, paragraph III(12)(c) of the Qualified Jurisdiction Process currently provides, as follows:

Once approved, a Qualified Jurisdiction is subject to a re-evaluation every five years. The Periodic Evaluation may follow a similar process as that set forth above, or such abbreviated process as the Qualified Jurisdiction Working Group may deem appropriate. [Emphasis added].

The Working Group has determined that it would follow such an abbreviated process in its re-evaluations of the jurisdictions currently on the NAIC List of Qualified Jurisdictions. The Working Group met in regulator-to-regulator session on August 22, 2019, and heard a presentation by NAIC staff.

1 The Credit for Reinsurance Models were further revised on June 25, 2019, to recognize a new designation of “Reciprocal Jurisdiction” under which certain reinsurers licensed and domiciled in Reciprocal Jurisdictions are not required to post reinsurance collateral. Because the ACPR’s status as a Reciprocal Jurisdiction arises under a covered agreement under the Dodd-Frank Wall Street Reform and Consumer Protection Act, it is not affected by this re-evaluation of the ACPR as a Qualified Jurisdiction.
on whether the ACPR should be re-approved as a Qualified Jurisdiction. The Working Group considered the following information with respect to the re-evaluation of the ACPR:


3. *Summary of Findings and Determination France: Autorité de Contrôle Prudentiel et de Résolution (ACPR) approved by NAIC Executive (EX) Committee and Plenary on December 16, 2014.*

4. *NAIC Staff Workpapers on Initial Review and Findings dated August 7, 2014 (Confidential).*

### III. Standard of Review

The standard for qualification of a jurisdiction is that the NAIC must reasonably conclude that the jurisdiction’s reinsurance supervisory system achieves a level of effectiveness in financial solvency regulation that is deemed acceptable for purposes of reinsurance collateral reduction. In addition, the jurisdiction’s demonstrated practices and procedures with respect to reinsurance supervision are consistent with its reinsurance supervisory system and the jurisdiction’s laws and practices satisfy the criteria required of Qualified Jurisdictions as set forth in the Credit for Reinsurance Models.

This same standard was deemed appropriate by the Working Group with respect to the re-evaluation of a Qualified Jurisdiction under the abbreviated process. Specifically, the Working Group determined that it would be appropriate to review a jurisdiction’s most recent IMF report prepared under its Financial Sector Assessment Program (FSAP), and any other documentation that the Working Group would consider to be relevant to this determination. In addition, the Working Group would consider its past experience in working with the Qualified Jurisdiction and any certified reinsurers domiciled in the Qualified Jurisdiction.

### IV. Summary of Findings and Recommendation

Upon review of the available information, the Working Group has reached the conclusion that the ACPR’s reinsurance supervisory system continues to achieve a level of effectiveness in financial solvency regulation that is acceptable for purposes of reinsurance collateral reduction, that the ACPR’s demonstrated practices and procedures with respect to reinsurance supervision continue to be consistent with its reinsurance supervisory system, and that its laws and practices satisfy the criteria required of Qualified Jurisdictions as set forth in the Credit for Reinsurance Models.

Therefore, it is the recommendation of the Working Group that the NAIC continue to recognize the ACPR as a Qualified Jurisdiction and place it on the *NAIC List of Qualified Jurisdictions*, with such re-evaluation to be effective as of January 1, 2020.
Summary of Findings and Determination

Germany: Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)

Re-Evaluation of Qualified Jurisdiction

Issued for Public Comment By:

Qualified Jurisdiction (E) Working Group

September 4, 2019

Updated: October 16, 2019
I. Re-Evaluation of Germany as a Qualified Jurisdiction

The Qualified Jurisdiction (E) Working Group of the National Association of Insurance Commissioners (NAIC) has completed this Summary of Findings and Determination with respect to its re-evaluation of the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), the lead insurance regulatory supervisor for Germany. It is the recommendation of the Working Group that the NAIC re-approve BaFin as a Qualified Jurisdiction and continue its designation on the NAIC List of Qualified Jurisdictions, to be effective as of January 1, 2020. Further, the Working Group recommends that California be the Lead State for purposes of regulatory cooperation and information sharing with BaFin. These recommendations are based on the following analysis.

II. Procedural History

The NAIC adopted the Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions (Qualified Jurisdiction Process) on August 27, 2013 (which was further amended on August 19, 2014). The 2011 revisions to the Credit for Reinsurance Model Law (#785) and Credit for Reinsurance Model Regulation (#786) (collectively, the “Credit for Reinsurance Models”) require an assuming insurer to be licensed and domiciled in a Qualified Jurisdiction in order to be eligible for certification by a state as a certified reinsurer for reinsurance collateral reduction purposes.¹

On December 16, 2014, the NAIC Executive (EX) Committee and Plenary approved BaFin as a Qualified Jurisdiction and placed it on the NAIC List of Qualified Jurisdictions, to be effective as of January 1, 2015. This designation as a Qualified Jurisdiction was to be valid for five years (absent a material change in circumstances) ending on December 31, 2019, after which BaFin would be re-evaluated under the provisions of the Qualified Jurisdiction Process. Specifically, paragraph III(12)(c) of the Qualified Jurisdiction Process currently provides, as follows:

Once approved, a Qualified Jurisdiction is subject to a re-evaluation every five years. The Periodic Evaluation may follow a similar process as that set forth above, or such abbreviated process as the Qualified Jurisdiction Working Group may deem appropriate. [Emphasis added].

The Working Group has determined that it would follow such an abbreviated process in its re-evaluations of the jurisdictions currently on the NAIC List of Qualified Jurisdictions. The Working Group met in regulator-to-regulator session on August 22, 2019, and heard a presentation by NAIC staff

¹ The Credit for Reinsurance Models were further revised on June 25, 2019, to recognize a new designation of “Reciprocal Jurisdiction” under which certain reinsurers licensed and domiciled in Reciprocal Jurisdictions are not required to post reinsurance collateral. Because BaFin’s status as a Reciprocal Jurisdiction arises under a covered agreement under the Dodd-Frank Wall Street Reform and Consumer Protection Act, it is not affected by this re-evaluation of BaFin as a Qualified Jurisdiction.
on whether BaFin should be re-approved as a Qualified Jurisdiction. The Working Group considered the following information with respect to the re-evaluation of BaFin:


3. **Summary of Findings and Determination Germany: Federal Financial Supervisory Authority (BaFin) approved by NAIC Executive (EX) Committee and Plenary on December 16, 2014.**

4. **NAIC Staff Workpapers on Initial Review and Findings dated July 23, 2014 (Confidential).**

5. **BaFin Comment Letter (Sept. 30, 2019): “The planned amendment of § 67 (1) VAG with respect to the exemption from the license requirement in cases where the EU has concluded an agreement is now part of another legislative procedure (implementation of the Money Laundering Directive)...the leaflet describes the situation for US reinsurers with the sufficient legal clarity”: [https://www.bafin.de/dok/13008940](https://www.bafin.de/dok/13008940)**

### III. Standard of Review

The standard for qualification of a jurisdiction is that the NAIC must reasonably conclude that the jurisdiction’s reinsurance supervisory system achieves a level of effectiveness in financial solvency regulation that is deemed acceptable for purposes of reinsurance collateral reduction. In addition, the jurisdiction’s demonstrated practices and procedures with respect to reinsurance supervision are consistent with its reinsurance supervisory system and the jurisdiction’s laws and practices satisfy the criteria required of Qualified Jurisdictions as set forth in the Credit for Reinsurance Models.

This same standard was deemed appropriate by the Working Group with respect to the re-evaluation of a Qualified Jurisdiction under the abbreviated process. Specifically, the Working Group determined that it would be appropriate to review a jurisdiction’s most recent IMF report prepared under its Financial Sector Assessment Program (FSAP), and any other documentation that the Working Group would consider to be relevant to this determination. In addition, the Working Group would consider its past experience in working with the Qualified Jurisdiction and any certified reinsurers domiciled in the Qualified Jurisdiction.

### IV. Summary of Findings and Recommendation

Upon review of the available information, the Working Group has reached the conclusion that BaFin’s reinsurance supervisory system continues to achieve a level of effectiveness in financial solvency regulation that is acceptable for purposes of reinsurance collateral reduction, that BaFin’s demonstrated practices and procedures with respect to reinsurance supervision continue to be consistent with its reinsurance supervisory system, and that its laws and practices satisfy the criteria required of Qualified Jurisdictions as set forth in the Credit for Reinsurance Models.
Therefore, it is the recommendation of the Working Group that the NAIC continue to recognize BaFin as a Qualified Jurisdiction and place it on the *NAIC List of Qualified Jurisdictions*, with such re-evaluation to be effective as of January 1, 2020.
Summary of Findings and Determination

Ireland: Central Bank of Ireland

Re-Evaluation of Qualified Jurisdiction

Issued for Public Comment By:

Qualified Jurisdiction (E) Working Group

September 4, 2019
I. Re-Evaluation of Ireland as a Qualified Jurisdiction

The Qualified Jurisdiction (E) Working Group of the National Association of Insurance Commissioners (NAIC) has completed this Summary of Findings and Determination with respect to its re-evaluation of the Central Bank of Ireland (Central Bank), the lead insurance regulatory supervisor for Ireland. It is the recommendation of the Working Group that the NAIC re-approve the Central Bank as a Qualified Jurisdiction and continue its designation on the NAIC List of Qualified Jurisdictions, to be effective as of January 1, 2020. Further, the Working Group recommends that Delaware be the Lead State for purposes of regulatory cooperation and information sharing with the Central Bank. These recommendations are based on the following analysis.

II. Procedural History

The NAIC adopted the Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions (Qualified Jurisdiction Process) on August 27, 2013 (which was further amended on August 19, 2014). The 2011 revisions to the Credit for Reinsurance Model Law (#785) and Credit for Reinsurance Model Regulation (#786) (collectively, the “Credit for Reinsurance Models”) require an assuming insurer to be licensed and domiciled in a Qualified Jurisdiction in order to be eligible for certification by a state as a certified reinsurer for reinsurance collateral reduction purposes.\(^1\)

On December 16, 2014, the NAIC Executive (EX) Committee and Plenary approved the Central Bank as a Qualified Jurisdiction and placed it on the NAIC List of Qualified Jurisdictions, to be effective as of January 1, 2015. This designation as a Qualified Jurisdiction was to be valid for five years (absent a material change in circumstances) ending on December 31, 2019, after which the Central Bank would be re-evaluated under the provisions of the Qualified Jurisdiction Process. Specifically, paragraph III(12)(c) of the Qualified Jurisdiction Process currently provides, as follows:

> Once approved, a Qualified Jurisdiction is subject to a re-evaluation every five years. The Periodic Evaluation may follow a similar process as that set forth above, or such abbreviated process as the Qualified Jurisdiction Working Group may deem appropriate. [Emphasis added].

The Working Group has determined that it would follow such an abbreviated process in its re-evaluations of the jurisdictions currently on the NAIC List of Qualified Jurisdictions. The Working Group met in regulator-to-regulator session on August 22, 2019, and heard a presentation by NAIC staff.

\(^1\) The Credit for Reinsurance Models were further revised on June 25, 2019, to recognize a new designation of “Reciprocal Jurisdiction” under which certain reinsurers licensed and domiciled in Reciprocal Jurisdictions are not required to post reinsurance collateral. Because the Central Banks’s status as a Reciprocal Jurisdiction arises under a covered agreement under the Dodd-Frank Wall Street Reform and Consumer Protection Act, it is not affected by this re-evaluation of the Central Bank as a Qualified Jurisdiction.
on whether the Central Bank should be re-approved as a Qualified Jurisdiction. The Working Group considered the following information with respect to the re-evaluation of the Central Bank:

1. *International Monetary Fund (IMF), Ireland: Report on Observance of Standards and Codes (ROSC), May, 2015 (IMF Country Report No. 15/117).*


4. *Summary of Findings and Determination Central Bank of Ireland approved by NAIC Executive (EX) Committee and Plenary on December 16, 2014.*

5. *NAIC Staff Workpapers on Initial Review and Findings dated July 25, 2014 (Confidential).*

### III. Standard of Review

The standard for qualification of a jurisdiction is that the NAIC must reasonably conclude that the jurisdiction’s reinsurance supervisory system achieves a level of effectiveness in financial solvency regulation that is deemed acceptable for purposes of reinsurance collateral reduction. In addition, the jurisdiction’s demonstrated practices and procedures with respect to reinsurance supervision are consistent with its reinsurance supervisory system and the jurisdiction’s laws and practices satisfy the criteria required of Qualified Jurisdictions as set forth in the Credit for Reinsurance Models.

This same standard was deemed appropriate by the Working Group with respect to the re-evaluation of a Qualified Jurisdiction under the abbreviated process. Specifically, the Working Group determined that it would be appropriate to review a jurisdiction’s most recent IMF report prepared under its Financial Sector Assessment Program (FSAP), and any other documentation that the Working Group would consider to be relevant to this determination. In addition, the Working Group would consider its past experience in working with the Qualified Jurisdiction and any certified reinsurers domiciled in the Qualified Jurisdiction.

### IV. Summary of Findings and Recommendation

Upon review of the available information, the Working Group has reached the conclusion that the Central Bank’s reinsurance supervisory system continues to achieve a level of effectiveness in financial solvency regulation that is acceptable for purposes of reinsurance collateral reduction, that the Central Bank’s demonstrated practices and procedures with respect to reinsurance supervision continue to be consistent with its reinsurance supervisory system, and that its laws and practices satisfy the criteria required of Qualified Jurisdictions as set forth in the Credit for Reinsurance Models.
Therefore, it is the recommendation of the Working Group that the NAIC continue to recognize the Central Bank as a Qualified Jurisdiction and place it on the *NAIC List of Qualified Jurisdictions*, with such re-evaluation to be effective as of January 1, 2020.
Summary of Findings and Determination

United Kingdom (UK):
Prudential Regulation Authority of the Bank of England

Re-Evaluation of Qualified Jurisdiction

Issued for Public Comment By:
Qualified Jurisdiction (E) Working Group
September 4, 2019
I. Re-Evaluation of the United Kingdom as a Qualified Jurisdiction

The Qualified Jurisdiction (E) Working Group of the National Association of Insurance Commissioners (NAIC) has completed this Summary of Findings and Determination with respect to its re-evaluation of the Prudential Regulation Authority of the Bank of England (PRA), the lead insurance regulatory supervisor for the United Kingdom (UK). It is the recommendation of the Working Group that the NAIC re-approve the PRA as a Qualified Jurisdiction and continue its designation on the NAIC List of Qualified Jurisdictions, to be effective as of January 1, 2020. Further, the Working Group recommends that New York be the Lead State for purposes of regulatory cooperation and information sharing with the PRA. These recommendations are based on the following analysis.

II. Procedural History

The NAIC adopted the Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions (Qualified Jurisdiction Process) on August 27, 2013 (which was further amended on August 19, 2014). The 2011 revisions to the Credit for Reinsurance Model Law (#785) and Credit for Reinsurance Model Regulation (#786) (collectively, the “Credit for Reinsurance Models”) require an assuming insurer to be licensed and domiciled in a Qualified Jurisdiction in order to be eligible for certification by a state as a certified reinsurer for reinsurance collateral reduction purposes.1

On December 16, 2014, the NAIC Executive (EX) Committee and Plenary approved the PRA as a Qualified Jurisdiction and placed it on the NAIC List of Qualified Jurisdictions, to be effective as of January 1, 2015. This designation as a Qualified Jurisdiction was to be valid for five years (absent a material change in circumstances) ending on December 31, 2019, after which the PRA would be re-evaluated under the provisions of the Qualified Jurisdiction Process. Specifically, paragraph III(12)(c) of the Qualified Jurisdiction Process currently provides, as follows:

Once approved, a Qualified Jurisdiction is subject to a re-evaluation every five years. The Periodic Evaluation may follow a similar process as that set forth above, or such abbreviated process as the Qualified Jurisdiction Working Group may deem appropriate. [Emphasis added].

The Working Group has determined that it would follow such an abbreviated process in its re-evaluations of the jurisdictions currently on the NAIC List of Qualified Jurisdictions. The Working Group met in regulator-to-regulator session on August 22, 2019, and heard a presentation by NAIC staff

1 The Credit for Reinsurance Models were further revised on June 25, 2019, to recognize a new designation of “Reciprocal Jurisdiction” under which certain reinsurers licensed and domiciled in Reciprocal Jurisdictions are not required to post reinsurance collateral. Because the PRA’s status as a Reciprocal Jurisdiction arises under a covered agreement under the Dodd-Frank Wall Street Reform and Consumer Protection Act, it is not affected by this re-evaluation of the PRA as a Qualified Jurisdiction.
on whether the PRA should be re-approved as a Qualified Jurisdiction. The Working Group considered the following information with respect to the re-evaluation of the PRA:


### III. Standard of Review

The standard for qualification of a jurisdiction is that the NAIC must reasonably conclude that the jurisdiction’s reinsurance supervisory system achieves a level of effectiveness in financial solvency regulation that is deemed acceptable for purposes of reinsurance collateral reduction. In addition, the jurisdiction’s demonstrated practices and procedures with respect to reinsurance supervision are consistent with its reinsurance supervisory system and the jurisdiction’s laws and practices satisfy the criteria required of Qualified Jurisdictions as set forth in the Credit for Reinsurance Models.

This same standard was deemed appropriate by the Working Group with respect to the re-evaluation of a Qualified Jurisdiction under the abbreviated process. Specifically, the Working Group determined that it would be appropriate to review a jurisdiction’s most recent IMF report prepared under its Financial Sector Assessment Program (FSAP), and any other documentation that the Working Group would consider to be relevant to this determination. In addition, the Working Group would consider its past experience in working with the Qualified Jurisdiction and any certified reinsurers domiciled in the Qualified Jurisdiction.

### IV. Summary of Findings and Recommendation

Upon review of the available information, the Working Group has reached the conclusion that the PRA’s reinsurance supervisory system continues to achieve a level of effectiveness in financial solvency regulation that is acceptable for purposes of reinsurance collateral reduction, that the PRA’s demonstrated practices and procedures with respect to reinsurance supervision continue to be consistent with its reinsurance supervisory system, and that its laws and practices satisfy the criteria required of Qualified Jurisdictions as set forth in the Credit for Reinsurance Models.

Therefore, it is the recommendation of the Working Group that the NAIC continue to recognize the PRA as a Qualified Jurisdiction and place it on the *NAIC List of Qualified Jurisdictions*, with such re-evaluation to be effective as of January 1, 2020.
10. Reinsurance Ceded

State law should contain the NAIC Credit for Reinsurance Model Law (#785), the NAIC’s Credit for Reinsurance Model Regulation (#786) and the NAIC Life and Health Reinsurance Agreements Model Regulation (#791) or substantially similar laws.

Changes to the Accreditation Standard:

*NOTE: For both full reviews and interim annual reviews, this standard must be completed in its entirety. Please include all applicable citations in the reference column for each of the questions in this particular standard.

The 2011 revisions to the Credit for Reinsurance Model Law (#785) and Regulation (#786), or a substantially similar law, was adopted as an update to the accreditation standard effective January 1, 2019.

Please provide a copy of the statute or regulation that specifically addresses the newly applicable sections.

Additionally, if there were any other changes that would impact one of the significant elements of this standard, please place an asterisk (*) in the reference column on the right-hand side of the page by each citation that has been changed and include below a brief description of the nature or reason for the change. Please also attach a copy of the statutes or regulations that had a change and ensure that they are clearly marked for the changes that have been made (i.e., highlight the changes, redlined version, etc.).

REFERENCE

Credit for Reinsurance Model Law (#785)

a. Credit allowed for reinsurance ceded to a licensed insurer?

b. Credit allowed for reinsurance ceded to an accredited insurer who meets requirements similar to those in Section 2B and 242 of the model law?

c. Credit allowed for reinsurance ceded to an insurer domiciled and licensed in a state which employs substantially similar standards regarding credit for reinsurance and who maintains capital and surplus of at least $20,000,000 and submits to this states authority to examine its books and records?

d. Credit allowed for reinsurance ceded to an insurer who maintains a trust fund, established in a form approved by the commissioner, in a qualified U.S. financial institution for the payment of the valid claims of its U.S. policyholders and ceding insurers, their assigns and successors in interest and who reports financial information annually to the commissioner to determine the sufficiency of the trust fund?

e. In instances where reinsurance is ceded to insurers maintaining a trust fund, trustees of the trust required to report to the department annually, or on before February 28, the balance of the trust and a listing of the trust’s assets as of the end of the year and a certification of the date of termination of the trust, if so planned, or certify that the trust shall not expire prior to the next following December 31?
f. Credit for reinsurance allowed under c. or d. above only permitted where assuming insurer agrees in the reinsurance agreements: 1) that in the event of a failure of the assuming insurer to perform its obligations, the assuming insurer shall submit to the jurisdiction of any court of competent jurisdiction in any state of the U.S.; and 2) to designate the commissioner or a designated attorney as its true and lawful attorney upon whom may be served any lawful process instituted by or on behalf of the ceding company?

g. Credit allowed for reinsurance ceded to an insurer not meeting the requirements of a., b., c., or d. above, or with respect to a certified reinsurer described below, in an amount not exceeding the liabilities carried by the ceding insurer and only in the amount of funds held by or on behalf of the ceding insurer in the form of cash, securities listed by the Securities Valuation Office of the NAIC, including those deemed exempt from filing as defined by the Purposes and Procedures Manual of the Securities Valuation Office, and qualifying as admitted assets, clean, irrevocable, unconditional letters of credit, and other forms of security acceptable to the commissioner?

h. Ceding insurers must be subject to notification requirements with respect to reinsurance concentration risk substantially similar to those in Section 2J of Model #785.

i. Scope similar to Section 3?

j. No insurer, for reinsurance ceded establishes any asset or reduces any liability due to the terms of the reinsurance agreement, in substance or effect if any of the conditions in Section 4A exist?

k. Agreements entered into after the effective date of this regulation which involve the reinsurance of business issued prior to the effective date of agreements, along with subsequent amendments shall be filed by the ceding company with the commissioner within 30 days from the execution date along with attachments noted in Section 4C(1)?

l. Any increase in surplus net of federal income tax resulting from arrangements described in Section 4C(1) to be reported as described in Section 4C(2)?

m. Written agreements with provisions similar to Section 5?

n. Insurers required to reduce to zero any reserve credits or assets established with respect to existing reinsurance agreements entered into prior to the effective date of this regulation which would not be recognized under the provisions of this regulation?
Reinsurance Ceded – continued

Credit for Reinsurance Model Regulation (#786)

 o. Credit for reinsurance allowed for reinsurance ceded by domestic insurers to assuming insurers that were licensed in the state as of the last date of the ceding insurers’ statutory financial statement?

 p. Credit for reinsurance provisions for accredited reinsurer similar to Section 5?

 q. Credit for reinsurance provisions for reinsurers licensed and domiciled in other states similar to Section 6?

 r. Credit for reinsurance provisions for reinsurers maintaining trust funds similar to Section 7?

 s. Credit for reinsurance required by law similar to Section 9?

 t. Reduction from liability for reinsurance ceded to an unauthorized assuming insurer similar to Section 10?

 u. Provisions for trust agreements similar to Section 11?

 v. Provisions for letters of credit similar to Section 12?

 w. Provisions for unencumbered funds similar to Section 13?

 x. Provisions for reinsurance contracts similar to Section 14?

 y. The adoption of Form AR-1—Certificate of Assuming Insurer.

Reinsurance Ceded to Certified Reinsurers

 z. A state’s laws and regulations shall allow credit for reinsurance ceded to a certified reinsurer, including affiliated reinsurance transactions. Its laws and regulations shall contain provisions that are substantially similar to those applicable to certified reinsurers contained in Section 2E of Model #785 and Section 8 of Model #786.

 i. The credit allowed is based upon the security held by or on behalf of the ceding insurer in accordance with the rating assigned to the certified reinsurer by the commissioner? The amount of security required in order for full credit to be allowed shall not be less than that required under Section 8A(1) of Model #786.

 ii. The security provided by the certified reinsurer is in a form consistent with the provisions of Section 2E(5) of Model #785 and Section 8A of Model #786?

 iii. The commissioner requires the certified reinsurer to post 100% security upon the entry of an order of rehabilitation, liquidation or conservation against the ceding insurer?
iv. A state’s laws or regulations shall include provisions for granting a certified reinsurer a deferral period for posting security applicable to catastrophe recoverables, substantially similar to Section 8A(4) of Model #786. The deferral period shall not exceed one year from the date of the first instance of a liability reserve entry by the ceding company as a result of a loss from a catastrophic occurrence as recognized by the commissioner, and shall not apply to lines of business other than those provided in Section 8A(4) of Model #786.

v. Credit for reinsurance ceded to a certified reinsurer shall apply only to reinsurance contracts meeting requirements substantially similar to Section 8A(5) of Model #786?

aa. In order to be a certified reinsurer, an assuming insurer must be certified by the commissioner in accordance with the process similar to Section 8B of Model #786?

i. The commissioner is required to post notice upon receipt of any application for certification substantially similar to the requirements of Section 8B(1) of Model #786?

ii. The commissioner is required to publish a list of all certified reinsurers and their ratings substantially similar to the requirements in Section 2E(4) of Model #785 and Section 8B(2) of Model #786?

iii. A certified reinsurer must be domiciled and licensed to transact insurance or reinsurance in a qualified jurisdiction, as determined by the commissioner?

iv. A certified reinsurer must maintain capital and surplus, or its equivalent, of no less than $250,000,000, calculated in accordance with Section 8B(4)(h) of Model #786? This requirement may also be satisfied by an association including incorporated and individual unincorporated underwriters having minimum capital and surplus equivalents (net of liabilities) of at least $250,000,000 and a central fund containing a balance of at least $250,000,000.

v. A certified reinsurer must maintain financial strength ratings from two or more rating agencies deemed acceptable by the commissioner, and the maximum rating that a certified reinsurer may be assigned will correspond to its financial strength rating as set forth in Section 8B(4)(a) of Model #786? These ratings must be based on interactive communication between the rating agency and the assuming insurer and not based solely on publicly available information.
vi. A certified reinsurer is rated by the commissioner on a legal entity basis, with consideration given to the group rating where appropriate (an association including incorporated and individual unincorporated underwriters that have been approved to do business as a single certified reinsurer may be evaluated on the basis of its group rating)? Factors may be considered in the evaluation process similar to those provided under Section 8B(4) and (5) of Model #786.

vii. A certified reinsurer must submit a properly executed Form CR-1 as evidence of its submission to the jurisdiction of the state, appointment of the commissioner as an agent for service of process in the state, and agreement to provide security for one hundred percent (100%) of its liabilities attributable to reinsurance ceded by ceding insurers if it resists enforcement of a final U.S. judgment? The commissioner must not certify any assuming insurer that is domiciled in a jurisdiction that the commissioner has determined does not adequately and promptly enforce final U.S. judgments or arbitration awards.

viii. A certified reinsurer must agree to meet applicable information filing requirements substantially similar to those provided under Section 8B(7) of Model #786, both with respect to an initial application for certification and on an ongoing basis?

ix. Changes in rating or revocation of certification of a certified reinsurer are applied by the commissioner in a manner substantially similar to the provisions of Section 8B(8) of Model #786?

x. A certified reinsurer must file audited financial statements, regulatory filings and actuarial opinion (as filed with the certified reinsurer’s supervisor, with a translation into English) consistent with the requirements set forth in Section 8B(4)(h) and Section 8B(7)(d) of Model #786? Upon the initial application for certification, the commissioner will consider audited financial statements for the last two (2) years filed with its non-U.S. jurisdiction supervisor?

bb. The commissioner is required to create and publish a list of qualified jurisdictions, under which an assuming insurer licensed and domiciled in such jurisdiction is eligible to be considered for certification by the commissioner as a certified reinsurer?

i. In determining whether the domiciliary jurisdiction of a non-U.S. assuming insurer is eligible to be recognized as a qualified jurisdiction, the commissioner evaluates the reinsurance supervisory system of the non-U.S. jurisdiction, both initially and on an ongoing basis, under criteria substantially similar to those provided under Section 8C(2) of the model regulation?
ii. The commissioner shall consider the list of qualified jurisdictions published by the NAIC in determining qualified jurisdictions? If the commissioner approves a jurisdiction as qualified that does not appear on the NAIC list of qualified jurisdictions, the commissioner must provide thoroughly documented justification with respect to criteria substantially similar to that provided under Section 8C(2) of Model #786.

iii. U.S. jurisdictions that meet the requirements for accreditation under the NAIC financial standards and accreditation program are recognized as qualified jurisdictions?

cc. A state’s laws and regulations shall allow a commissioner to defer to the certification and rating of a certified reinsurer issued by another NAIC accredited jurisdiction. Recognition of certification is made in accordance with provisions substantially similar to Section 8D of Model #786?

dd. Reinsurance contracts entered into or renewed with a certified reinsurer must include a proper funding clause, which requires the certified reinsurer to provide and maintain security in an amount sufficient to avoid the imposition of any financial statement penalty on the ceding insurer for reinsurance ceded to the certified reinsurer?

Reciprocal Jurisdictions

ee. A state’s laws and regulations shall allow credit for reinsurance ceded to an assuming insurer that has its head office or is domiciled in, and is licensed in, a Reciprocal Jurisdiction. Its laws and regulations shall contain provisions that are substantially similar to those contained in Section 2F of Model #785 and Section 9 of Model #786. Its laws and regulations must provide that a Reciprocal Jurisdiction is a jurisdiction that meets one of the following:

i. A non-U.S. jurisdiction that is subject to an in-force covered agreement meeting the requirements of Section 2F(1)(a)(i) of Model #785 and Section 9B(1) of Model #786?

ii. A U.S. jurisdiction that meets the requirements for accreditation under the NAIC Financial Standards and Accreditation Program pursuant to Section 2F(1)(a)(ii) of Model #785 and Section 9B(2) of Model #786?

iii. A Qualified Jurisdiction that meets all of the requirements of Section 2F(1)(a)(iii) of Model #785 and Section 9B(3) of Model #786?

ff. Credit shall be allowed when the reinsurance is ceded to an assuming insurer that is licensed to transact reinsurance by, and has its head office or is domiciled in, a Reciprocal Jurisdiction, and which meets each of the conditions set forth in Section 2F(1)(b) – (g) of Model #785 and Section 9C of Model #786:
The assuming insurer must have and maintain on an ongoing basis:

- a minimum capital and surplus, or its equivalent, calculated on at least an annual basis as of the preceding December 31 or at the annual date otherwise statutorily reported to the Reciprocal Jurisdiction of no less than $250,000,000 similar to Section 2F(1)(b) of Model #785 and Section 9C(2) of Model #786. This minimum capital and surplus requirement may also be satisfied by an association including incorporated and individual unincorporated underwriters having minimum capital and surplus equivalents (net of liabilities) or own funds of at least $250,000,000 and a central fund containing a balance of at least $250,000,000.

- a minimum solvency or capital ratio, as applicable, as set forth in Section 2F(1)(c) of Model #785 and Section 9C(3) of Model #786.

- submit a properly executed Form RJ-1 consistent with Section 2F(1)(d) of Model #785 and Section 9C(4) of Model #786:
  - The assuming insurer must agree to provide prompt written notice and explanation to the commissioner if it falls below the minimum requirements set forth in this subsection, or if any regulatory action is taken against it for serious noncompliance with applicable law pursuant to Section 2F(1)(d)(i) of Model #785 and Section 9C(4)(a) of Model #786.
  - The assuming insurer must consent in writing to the jurisdiction of the courts of this state and to the appointment of the commissioner as agent for service of process pursuant to Section 2F(1)(d)(ii) of Model #785 and Section 9C(4)(b) of Model #786. The commissioner may also require that such consent be provided and included in each reinsurance agreement under the commissioner’s jurisdiction.
  - The assuming insurer must consent in writing to pay all final judgments, wherever enforcement is sought, obtained by a ceding insurer, that have been declared enforceable in the territory where the judgment was obtained pursuant to Section 2F(1)(d)(iii) of Model #785 and Section 9C(4)(c) of Model #786.
Each reinsurance agreement must include a provision requiring the assuming insurer to provide security in an amount equal to one hundred percent (100%) of the assuming insurer’s liabilities attributable to reinsurance ceded pursuant to that agreement if the assuming insurer resists enforcement of a final judgment that is enforceable under the law of the jurisdiction in which it was obtained or a properly enforceable arbitration award, whether obtained by the ceding insurer or by its legal successor on behalf of its estate, if applicable pursuant to Section 2F(1)(d)(iv) of Model #785 and Section 9C(4)(d) of Model #786?

The assuming insurer must confirm that it is not presently participating in any solvent scheme of arrangement, which involves this state’s ceding insurers, and agrees to notify the ceding insurer and the commissioner and to provide one hundred percent (100%) security to the ceding insurer consistent with the terms of the scheme, should the assuming insurer enter into such a solvent scheme of arrangement pursuant to Section 2F(1)(d)(v) of Model #785 and Section 9C(4)(e) of Model #786?

The assuming insurer must agree in writing to meet the applicable information filing requirements pursuant to Section 9C(4)(f) of Model #786?

iv. The assuming insurer or its legal successor must provide, if requested by the commissioner, on behalf of itself and any legal predecessors, the documentation to the commissioner as outlined in Section 2F(1)(e) of Model #785 and Section 9C(5) of Model #786:

For the two years preceding entry into the reinsurance agreement and on an annual basis thereafter, the assuming insurer’s annual audited financial statements, in accordance with the applicable law of the jurisdiction of its head office or domiciliary jurisdiction, as applicable, including the external audit report pursuant to Section 9C(5)(a) of Model #786?

For the two years preceding entry into the reinsurance agreement, the solvency and financial condition report or actuarial opinion, if filed with the assuming insurer’s supervisor pursuant to Section 9C(5)(b) of Model #786?

Prior to entry into the reinsurance agreement and not more than semi-annually thereafter, an updated list of all disputed and overdue reinsurance claims outstanding for 90 days or more, regarding reinsurance assumed from ceding insurers domiciled in the United States pursuant to Section 9C(5)(c) of Model #786?
• Prior to entry into the reinsurance agreement and not more than semi-annually thereafter, information regarding the assuming insurer’s assumed reinsurance by ceding insurer, ceded reinsurance by the assuming insurer, and reinsurance recoverable on paid and unpaid losses by the assuming insurer pursuant to Section 9C(5)(d) of Model #786?

v. The assuming insurer must maintain a practice of prompt payment of claims under reinsurance agreements consistent with Section 2F(1)(f) of Model #785 and Section 9C(6) of Model #786?

vi. The assuming insurer’s supervisory authority must confirm to the commissioner on an annual basis that the assuming insurer complies with the minimum capital and surplus requirements and the minimum solvency or capital ratio requirements as required under Section 2F(1)(g) of Model #785 and Section 9C(7) of Model #786?

gg. The commissioner is required to timely create and publish a list of Reciprocal Jurisdictions similar to Section 2F(2) of Model #786 and Section 9D of Model #786?

i. If the commissioner approves a jurisdiction that does not appear on the NAIC list of Reciprocal Jurisdictions, the commissioner must provide thoroughly documented justification in accordance with criteria published through the NAIC Committee Process pursuant to Section 2F(2)(a) of Model #785 and Section 9D(1) of Model #786?

ii. The commissioner may remove a jurisdiction from the list of Reciprocal Jurisdictions upon a determination that the jurisdiction no longer meets one or more of the requirements of a Reciprocal Jurisdiction pursuant to Section 2F(2)(b) of Model #785 and Section 9D(2) of Model #786, except that the commissioner shall not remove from the list a Reciprocal Jurisdiction as defined under Section 9B(1) and (2) of Model #786?

hh. The commissioner shall timely create and publish a list of assuming insurers to which cessions shall be granted credit consistent with Section 2F(3) of Model #785 and Section 9E of Model #786? Such assuming insurer must submit a properly executed Form RJ-1 and additional information as the commissioner may require.

i. If an NAIC accredited jurisdiction has determined that the conditions set forth in Section 2F of Model #785 and Section 9 of Model #786 have been met, the commissioner has the discretion to defer to that jurisdiction’s determination and add such assuming insurer to the list of assuming insurers to which cessions shall be granted credit in accordance pursuant to Section 2F(3) of Model #785 and Section 9E(1) of Model #786? The commissioner may accept financial documentation filed with another NAIC accredited jurisdiction or with the NAIC with respect to such reinsurer.
ii. When requesting that the commissioner defer to another NAIC accredited jurisdiction’s determination, an assuming insurer must submit a properly executed Form RJ-1 and additional information as the commissioner may require pursuant to Section 9E(2) of Model #786?

ii. If the commissioner determines that an assuming insurer no longer meets one or more of the requirements set forth in Section 2F of Model #786 and Section 9 of Model #786, the commissioner may revoke or suspend the eligibility of the assuming insurer consistent with Section 2F(4) of Model #785 and Section 9F of Model #786?

i. While an assuming insurer’s eligibility is suspended, no reinsurance agreement issued, amended or renewed after the effective date of the suspension qualifies for credit except to the extent that the assuming insurer’s obligations under the contract are otherwise secured pursuant to Section 2F(4)(a) of Model #785 and Section 9F(1) of Model #786?

ii. If an assuming insurer’s eligibility is revoked, no credit for reinsurance may be granted after the effective date of the revocation with respect to any reinsurance agreements entered into by the assuming insurer, including reinsurance agreements entered into prior to the date of revocation, except to the extent that the assuming insurer’s obligations under the contract are otherwise secured in a form acceptable to the commissioner pursuant to Section 2F(4)(b) of Model #785 and Section 9F(2) of Model #786?

iii. Before denying statement credit or imposing a requirement to post security or adopting any similar requirement that will have substantially the same regulatory impact as security, the commissioner shall follow the process set forth in Section 9G of Model #786?

jj. If subject to a legal process of rehabilitation, liquidation or conservation, as applicable, the ceding insurer, or its representative, may seek and, if determined appropriate by the court in which the proceedings are pending, may obtain an order requiring that the assuming insurer post security for all outstanding liabilities in accordance with Section 2F(5) of Model #785 and Section 9H of Model #786?

kk. Nothing shall limit or in any way alter the capacity of parties to a reinsurance agreement to agree on requirements for security or other terms in that reinsurance agreement, except as expressly prohibited by other applicable law or regulation similar to Section 2F(6) of Model #785?
II. Credit may be taken only for reinsurance agreements entered into, amended, or renewed on or after the effective date of the statute, and only with respect to losses incurred and reserves reported on or after the later of (i) the date on which the assuming insurer has met all eligibility requirements, and (ii) the effective date of the new reinsurance agreement, amendment, or renewal consistent with the provisions of Section 2F(7) of Model #785?
October 11, 2019

Mr. Jake Stultz
Senior Accounting and Reinsurance Policy Advisor
and
Mr. Dan Schelp
Chief Counsel, Regulatory Affairs
National Association of Insurance Commissioners
1100 Walnut St.
Kansas City, MO  64106
(via email)

Re: Reciprocal Jurisdiction Accreditation Standard Exposure

Dear Messrs. Stultz and Schelp:

The American Council of Life Insurers (ACLI) advocates on behalf of 280 member companies dedicated to providing products and services that promote consumers’ financial and retirement security. Ninety million American families depend on our members for life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, dental and vision and other supplemental benefits. ACLI represents member companies in state, federal and international forums for public policy that supports the industry marketplace and the families that rely on life insurers’ products for peace of mind. ACLI members represent 95 percent of industry assets in the United States. ACLI also represents all professional life reinsurers assuming mortality and morbidity risks in the United States.

We appreciate the opportunity to comment on the exposure draft updating the reciprocal jurisdiction accreditation standard. Our review did not find any concerns or edits to suggest. We do appreciate that the Reinsurance Task Force members have decided to encourage the expedited adoption of this update to become part of the accreditation standard. ACLI supports this exposure.

Sincerely,

Steven M. Clayburn, FSA, MAAA
Mariana Gomez-Vock

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October 4, 2019

Via Email

The Honorable Chlora Lindley-Myers
Director of the Missouri Department of Commerce & Insurance
Chair, NAIC Reinsurance Task Force

Re: Exposure of Revisions to Credit for Reinsurance Accreditation Standard

Dear Director Lindley-Myers,

This comment letter is submitted on behalf of Underwriters at Lloyd’s, London (“Lloyd’s”). Lloyd’s is one of the largest non-US domiciled providers of reinsurance capacity to the US insurance industry. In 2018, the Lloyd’s market assumed over $5.6 billion in reinsurance premiums from the US. We appreciate the opportunity to provide these comments on the Reinsurance Task Force’s proposal to make the covered agreement implementation an accreditation standard.

As the Reinsurance Task Force knows, Lloyd’s has been one of the main advocates for reinsurance collateral reform for more than a decade. Over the last several years, we have worked with a number of state insurance departments and legislatures to achieve enactment of the certified reinsurer regime. That experience helped impress upon us the value of making crucial reforms like this part of the NAIC accreditation program. We believe the certified reinsurer regime would not have been enacted in all 50 states if it had not been made an accreditation requirement. Often state legislators are faced with a daunting number of topics to cover in a very limited timeframe. The knowledge that the state insurance regulators who make up the NAIC – the experts in insurance regulatory standard setting – have deemed a particular standard important enough to be part of the accreditation program can go a long way towards convincing state legislators that a particular piece of legislation is a priority.

Given the important role that accreditation can play at the state level, Lloyd’s strongly supports the Reinsurance Task Force’s proposal to make the covered agreement implementation an accreditation standard effective October 1, 2022. Aligning the accreditation standard deadline with the covered agreement deadline will help to encourage all states to adopt the changes in a timely manner. We applaud the Reinsurance Task Force’s work on this important issue.

Regards,

[Signature]

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BY E-MAIL

October 7, 2019

Todd E. Kiser
Chair, NAIC Financial Regulation Standards and Accreditation (F) Committee
Attention: Becky Meyer (bmeyer@naic.org)

Chlora Lindley-Myers
Chair, NAIC Reinsurance (E) Task Force
Attention: Jake Stultz (jstultz@naic.org)
Dan Schelp (dschelp@naic.org)

Re: Credit for Reinsurance Model Accreditation Decisions

Dear Commissioner Kiser and Director Lindley-Myers:

New York Life and Northwestern Mutual are writing in response to the current exposure by the Reinsurance (E) Task Force of draft revisions to the NAIC Accreditation Program Manual intended to incorporate the 2019 revisions to the Credit for Reinsurance Model Law (#785) and Credit for Reinsurance Model Regulation (#786) to implement the US-EU Covered Agreement.

Our comments are not with respect to those revisions, but rather to urge that the NAIC follow through on prior recommendations and set the Term and Universal Life Insurance Reserve Financing Model Regulation (#787) as an accreditation standard in parallel with the Covered Agreement revisions. Our companies have long advocated that Model #787 should be an accreditation requirement, which is consistent with the prior recommendation by the Reinsurance Task Force.

By way of background, the NAIC adopted Model #787 in 2016 as the permanent method to implement the NAIC’s XXX/AXXX Reinsurance Framework that it spent years developing. Model #787 establishes the credit for reinsurance that a ceding company may be allowed for a subject captive reinsurance transaction. The requirements for Primary Security and Other Security in Model #787 are substantively the same as those in Actuarial Guideline 48, the NAIC’s interim tool to implement its XXX/AXXX Reinsurance Framework. However, whereas Model #787 binds the ceding company’s allowed credit for reinsurance, AG 48 can only impose requirements on the ceding company’s appointed actuary.

On March 20, 2017, the Reinsurance Task Force recommended to the F Committee that Model #787 be made an accreditation standard on an expedited basis, so that it would become an accreditation requirement by January 1, 2020. This was consistent with the NAIC’s recognition that (1) uniformity in implementation of the XXX/AXXX Reinsurance Framework is critical to its success; and (2) AG 48 was intended from the start as only an interim solution until the ultimate credit for reinsurance mechanism could be implemented. On August 24, 2017, the Reinsurance Task Force recommended the elements of Model #787 to be included in the accreditation standard.
However, as progress was being made toward an expedited accreditation action for Model #787, the need arose to amend Models #785 and #786 to address the Covered Agreement. Not wanting states to face multiple rulemaking processes, the F Committee decided at the 2017 Fall National Meeting to defer adoption of Model #787 as an accreditation requirement until the changes to Models #785 and #786 to implement the Covered Agreement had been completed. Our companies agreed that the NAIC’s announced process made sense.

Now that the Covered Agreement changes to Models #785 and #786 have been adopted and are being considered for accreditation on an expedited basis, we strongly urge that the F Committee move forward as originally contemplated and complete the accreditation decisions on Model #787 in synch with the Model #785 and #786 changes. Doing so will make state implementation of the credit for reinsurance changes more efficient. Moreover, since the Reinsurance Task Force has already done the work to identify the accreditation elements for Model #787, moving in parallel should not delay the NAIC’s efforts on Models #785 and #786.

It is important to remember that the NAIC has already made compliance with its XXX/AXXX Reinsurance Framework an accreditation requirement. That was decided in 2015, when the NAIC revised the Part A Preamble to the 2016 Accreditation Program Manual to subject the regulation of XXX/AXXX captives to the Part A accreditation requirements, and deemed regulation according to the NAIC’s XXX/AXXX Reinsurance Framework to meet those requirements. What remains to be done is to solidify that earlier conclusion by making Model #787 itself an accreditation requirement.

While AG 48 has served as a critical interim measure to implement the XXX/AXXX Reinsurance Framework, it was never intended to be nor is it an adequate permanent substitute for Model #787. Only Model #787 embeds the Primary Security and Other Security requirements directly into the determination of reinsurance credit. AG 48, by contrast, relies upon an indirect enforcement approach: requiring a ceding company’s appointed actuary to perform an analysis and, in the event the Primary Security or Other Security requirements are not met, deliver a qualified actuarial opinion. The allowance, or not, of reinsurance credit as a matter of law under Model #787 serves as a more direct and consequential incentive for compliance and uniformity than can the actuarial opinion requirements of AG 48. While some may question the need to make Model #787 an accreditation standard in light of the existence of AG 48, we would note that the intent of the accreditation program is to ensure uniformity among accredited jurisdictions with respect to solvency regulation. That uniformity can be best achieved by making Model #787 an accreditation standard, thereby ensuring uniform consequences and enforcement with respect to this aspect of the XXX/AXXX Reinsurance Framework. Moreover, it was recognized from the beginning that utilizing an actuarial opinion requirement as a tool for enforcement of the NAIC’s XXX/AXXX Reinsurance Framework puts the actuarial opinion requirement to a novel use going beyond what is ordinarily contemplated as the purpose of the Actuarial Opinion and Memorandum Regulation.

For these reasons, the NAIC has always described AG 48 as the interim method to implement its XXX/AXXX Reinsurance Framework, and the credit for reinsurance changes set forth in
Model #787 as the permanent implementation method. This is also reflected in the fact that AG 48 itself includes sunset provisions to apply in individual states as they adopt Model #787.

There is no longer any reason for delay in the NAIC’s action to make Model #787 an accreditation requirement. We again urge that the F Committee take this up and move forward in parallel with the Covered Agreement changes to Models #785 and #786. Doing so will allow the NAIC to finally complete the important work of uniformly implementing its XXX/AXXX Reinsurance Framework.

We appreciate the opportunity to comment on this important topic. Please let us know if you need any additional information or would like to discuss our comments.

Sincerely,

[Signature]

Douglas A. Wheeler
Senior Vice President, Office of Governmental Affairs
New York Life Insurance Company

[Signature]

Andrew T. Vedder
Vice President – Solvency Policy & Risk Management
The Northwestern Mutual Life Insurance Company
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)
October 2, 2019

via email: jstultz@naic.org
dschelp@naic.org

Chair Chlora Lindley-Myers (MO)
Vice-Chair Raymond G. Farmer (SC)
Reinsurance (E) Task Force
c/o Jake Stultz and Daniel Schelp
National Association of Insurance Commissioners

Dear Ms. Lindley-Myers and Mr. Farmer:

Texas submits the following comment regarding the effective date of the new reinsurance ceded section of the accreditation standard. Texas agrees with October 1, 2022 as the effective date for the accreditation standard, with reviews of this part of the accreditation standard beginning on January 1, 2023.

Sincerely,

Amy Garcia
Chief Analyst – Associate Commissioner

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Summary of Findings and Determination

BERMUDA MONETARY AUTHORITY

Re-Evaluation of Qualified Jurisdiction

Approved By:

Qualified Jurisdiction (E) Working Group       October 7, 2019
Reinsurance (E) Task Force                     December 8, 2019
Executive (EX) Committee and Plenary          December 10, 2019
I. Re-Evaluation of Bermuda Monetary Authority

The Qualified Jurisdiction (E) Working Group of the National Association of Insurance Commissioners (NAIC) has completed this Summary of Findings and Determination with respect to the Bermuda Monetary Authority (BMA), the lead insurance regulatory supervisor for Bermuda. It is the recommendation of the Working Group that the NAIC re-approve the BMA as a Qualified Jurisdiction and continue its designation on the NAIC List of Qualified Jurisdictions, to be effective as of January 1, 2020. Further, the Working Group recommends that the BMA’s status as a Qualified Jurisdiction only be applicable to (re)insurers of Class 3A, Class 3B and Class 4, and long-term insurers of Class C, Class D and Class E, which is consistent with the original approval of the BMA as a Qualified Jurisdiction. Finally, the Working Group recommends that Florida be the Lead State for purposes of regulatory cooperation and information sharing with the BMA. These recommendations are based on the following analysis:

II. Procedural History

The NAIC adopted the Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions (Qualified Jurisdiction Process) on August 27, 2013 (which was further amended on August 19, 2014). The 2011 revisions to the Credit for Reinsurance Model Law (#785) and Credit for Reinsurance Model Regulation (#786) (collectively, the “Credit for Reinsurance Models”) require an assuming insurer to be licensed and domiciled in a Qualified Jurisdiction in order to be eligible for certification by a state as a certified reinsurer for reinsurance collateral reduction purposes. 1

On December 16, 2014, the NAIC Executive (EX) Committee and Plenary approved the BMA as a Qualified Jurisdiction and placed it on the NAIC List of Qualified Jurisdictions, to be effective as of January 1, 2015. This designation as a Qualified Jurisdiction was to be valid for five years (absent a material change in circumstances) ending on December 31, 2019, after which the BMA would be re-evaluated under the provisions of the Qualified Jurisdiction Process. Specifically, paragraph III(12)(c) of the Qualified Jurisdiction Process currently provides, as follows:

Once approved, a Qualified Jurisdiction is subject to a re-evaluation every five years. The Periodic Evaluation may follow a similar process as that set forth above, or such abbreviated process as the Qualified Jurisdiction Working Group may deem appropriate. [Emphasis added].

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1 The Credit for Reinsurance Models were further revised on June 25, 2019, to recognize a new designation of “Reciprocal Jurisdiction” under which certain reinsurers licensed and domiciled in Reciprocal Jurisdictions are not required to post reinsurance collateral. A Qualified Jurisdiction which meets certain additional requirements described in the Credit for Reinsurance Models may be determined to be a Reciprocal Jurisdiction under a separate evaluation by the Working Group.
The Working Group has determined that it would follow such an abbreviated process in its re-evaluations of the jurisdictions currently on the *NAIC List of Qualified Jurisdictions*. The Working Group met in regulator-to-regulator session on October 7, 2019, and received a presentation from NAIC staff on whether the BMA should be re-approved as a Qualified Jurisdiction. The Working Group considered the following information with respect to the re-evaluation of the BMA:

2. BMA Power Point Presentation on Group and Commercial Insurer Supervision (Confidential).
3. BMA Power Point Presentation on Legal Entity/Group Supervision Framework (Confidential).
4. BMA NAIC Qualified Jurisdiction Assessment: Summary of Appendices A & B, September 30, 2019 (Confidential).
5. Bermuda Response to Section D—Regulatory Cooperation and Information Sharing (Confidential).
8. Bermuda Response to Section G—Solvent Schemes of Arrangement (Confidential).
9. International Association of Insurance Supervisors Thematic Self-Assessment and Peer Review on Reinsurance and Macroprudential Surveillance (ICPs 13 and 24), September 19, 2016 (Confidential).

### III. Standard of Review

The standard for qualification of a jurisdiction is that the NAIC must reasonably conclude that the jurisdiction’s reinsurance supervisory system achieves a level of effectiveness in financial solvency regulation that is deemed acceptable for purposes of reinsurance collateral reduction. In addition, the jurisdiction’s demonstrated practices and procedures with respect to reinsurance supervision are consistent with its reinsurance supervisory system and the jurisdiction’s laws and practices satisfy the criteria required of Qualified Jurisdictions as set forth in the Credit for Reinsurance Models.

This same standard was deemed appropriate by the Working Group with respect to the re-evaluation of a Qualified Jurisdiction under the abbreviated process. Specifically, the Working Group determined that it would be appropriate to review a jurisdiction’s most recent IMF report prepared under its Financial Sector Assessment Program (FSAP), and any other public documentation that the Working Group would consider to be relevant to this determination. It should be noted that the BMA’s last FSAP report was in 2008; therefore, the BMA supplied additional information (described above) to provide the Working
Group with an accurate understanding of its supervisory regulatory regime deemed equal to the level of an IMF FSAP report. The Working Group also reviewed a confidential self-assessment and peer review on the BMA prepared by the International Association of Insurance Supervisors. In addition, the Working Group considered its past experience in working with the Qualified Jurisdiction and any certified reinsurers domiciled in the Qualified Jurisdiction.

IV. Summary of Findings and Recommendation

Upon review of the available information, the Working Group has reached the conclusion that the BMA’s reinsurance supervisory system continues to achieve a level of effectiveness in financial solvency regulation that is acceptable for purposes of reinsurance collateral reduction, that the BMA’s demonstrated practices and procedures with respect to reinsurance supervision continue to be consistent with its reinsurance supervisory system, and that its laws and practices satisfy the criteria required of Qualified Jurisdictions as set forth in the Credit for Reinsurance Models.

Therefore, it is the recommendation of the Working Group that the NAIC continue to recognize the BMA as a Qualified Jurisdiction and place it on the *NAIC List of Qualified Jurisdictions*, with such re-evaluation to be effective as of January 1, 2020. Further, the Working Group recommends that the BMA’s status as a Qualified Jurisdiction continues to be only applicable to (re)insurers of Class 3A, Class 3B and Class 4, and long-term insurers of Class C, Class D and Class E.
Summary of Findings and Determination

Japan: Financial Services Agency (FSA)

Re-Evaluation of Qualified Jurisdiction

Approved By:

Qualified Jurisdiction (E) Working Group  October 7, 2019
Reinsurance (E) Task Force  December 8, 2019
Executive (EX) Committee and Plenary  December 10, 2019
I. Re-Evaluation of Financial Services Agency of Japan

The Qualified Jurisdiction (E) Working Group of the National Association of Insurance Commissioners (NAIC) has completed this Summary of Findings and Determination with respect to its re-evaluation of the Financial Services Agency (FSA), the lead insurance regulatory supervisor for Japan. It is the recommendation of the Working Group that the NAIC re-approve the FSA as a Qualified Jurisdiction and continue its designation on the NAIC List of Qualified Jurisdictions, to be effective as of January 1, 2020. Further, the Working Group recommends that California continue to be the Lead State for purposes of regulatory cooperation and information sharing with the FSA. These recommendations are based on the following analysis.

II. Procedural History

The NAIC adopted the Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions (Qualified Jurisdiction Process) on August 27, 2013 (which was further amended on August 19, 2014). The 2011 revisions to the Credit for Reinsurance Model Law (#785) and Credit for Reinsurance Model Regulation (#786) (collectively, the “Credit for Reinsurance Models”) require an assuming insurer to be licensed and domiciled in a Qualified Jurisdiction in order to be eligible for certification by a state as a certified reinsurer for reinsurance collateral reduction purposes.1

On December 16, 2014, the NAIC Executive (EX) Committee and Plenary approved the FSA as a Qualified Jurisdiction and placed it on the NAIC List of Qualified Jurisdictions, to be effective as of January 1, 2015. This designation as a Qualified Jurisdiction was to be valid for five years (absent a material change in circumstances) ending on December 31, 2019, after which the FSA would be re-evaluated under the provisions of the Qualified Jurisdiction Process. Specifically, paragraph III(12)(c) of the Qualified Jurisdiction Process currently provides, as follows:

Once approved, a Qualified Jurisdiction is subject to a re-evaluation every five years. The Periodic Evaluation may follow a similar process as that set forth above, or such abbreviated process as the Qualified Jurisdiction Working Group may deem appropriate. [Emphasis added].

The Working Group has determined that it would follow such an abbreviated process in its re-evaluations of the jurisdictions currently on the NAIC List of Qualified Jurisdictions. The Working Group met in regulator-to-regulator session on October 7, 2019, and heard a presentation by NAIC staff

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1 The Credit for Reinsurance Models were further revised on June 25, 2019, to recognize a new designation of “Reciprocal Jurisdiction” under which certain reinsurers licensed and domiciled in Reciprocal Jurisdictions are not required to post reinsurance collateral. A Qualified Jurisdiction which meets certain additional requirements described in the Credit for Reinsurance Models may be determined to be a Reciprocal Jurisdiction under a separate evaluation by the Working Group.
on whether the FSA should be re-approved as a Qualified Jurisdiction. The Working Group considered the following information with respect to the re-evaluation of the FSA:


6. *Summary of Findings and Determination Japan: Financial Services Agency (FSA) approved by NAIC Executive (EX) Committee and Plenary on December 16, 2014.*

7. *NAIC Staff Workpapers on Initial Review and Findings dated September 30, 2014 (Confidential).*

### III. Standard of Review

The standard for qualification of a jurisdiction is that the NAIC must reasonably conclude that the jurisdiction’s reinsurance supervisory system achieves a level of effectiveness in financial solvency regulation that is deemed acceptable for purposes of reinsurance collateral reduction. In addition, the jurisdiction’s demonstrated practices and procedures with respect to reinsurance supervision are consistent with its reinsurance supervisory system and the jurisdiction’s laws and practices satisfy the criteria required of Qualified Jurisdictions as set forth in the Credit for Reinsurance Models.

This same standard was deemed appropriate by the Working Group with respect to the re-evaluation of a Qualified Jurisdiction under the abbreviated process. Specifically, the Working Group determined that it would be appropriate to review a jurisdiction’s most recent IMF report prepared under its Financial Sector Assessment Program (FSAP), and any other documentation that the Working Group would consider to be relevant to this determination. In addition, the Working Group would consider its past experience in working with the Qualified Jurisdiction and any certified reinsurers domiciled in the Qualified Jurisdiction.

### IV. Summary of Findings and Recommendation

Upon review of the available information, the Working Group has reached the conclusion that the JSA’s reinsurance supervisory system continues to achieve a level of effectiveness in financial solvency
regulation that is acceptable for purposes of reinsurance collateral reduction, that the JSA’s demonstrated practices and procedures with respect to reinsurance supervision continue to be consistent with its reinsurance supervisory system, and that its laws and practices satisfy the criteria required of Qualified Jurisdictions as set forth in the Credit for Reinsurance Models.

Therefore, it is the recommendation of the Working Group that the NAIC continue to recognize the JSA as a Qualified Jurisdiction and place it on the *NAIC List of Qualified Jurisdictions*, with such re-evaluation to be effective as of January 1, 2020.
Summary of Findings and Determination

Switzerland:
Financial Market Supervisory Authority (FINMA)

Re-Evaluation of Qualified Jurisdiction

Approved By:

Qualified Jurisdiction (E) Working Group  October 7, 2019
Reinsurance (E) Task Force  December 8, 2019
Executive (EX) Committee and Plenary  December 10, 2019
I. Re-Evaluation of Switzerland: Financial Market Supervisory Authority

The Qualified Jurisdiction (E) Working Group of the National Association of Insurance Commissioners (NAIC) has completed this Summary of Findings and Determination with respect to its re-evaluation of the Financial Market Supervisory Authority (FINMA), the lead insurance regulatory supervisor for Switzerland. It is the recommendation of the Working Group that the NAIC re-approve FINMA as a Qualified Jurisdiction and continue its designation on the NAIC List of Qualified Jurisdictions, to be effective as of January 1, 2020. Further, the Working Group recommends that Missouri be the Lead State for purposes of regulatory cooperation and information sharing with FINMA. These recommendations are based on the following analysis.

II. Procedural History

The NAIC adopted the Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions (Qualified Jurisdiction Process) on August 27, 2013 (which was further amended on August 19, 2014). The 2011 revisions to the Credit for Reinsurance Model Law (#785) and Credit for Reinsurance Model Regulation (#786) (collectively, the “Credit for Reinsurance Models”) require an assuming insurer to be licensed and domiciled in a Qualified Jurisdiction in order to be eligible for certification by a state as a certified reinsurer for reinsurance collateral reduction purposes.¹

On December 16, 2014, the NAIC Executive (EX) Committee and Plenary approved FINMA as a Qualified Jurisdiction and placed it on the NAIC List of Qualified Jurisdictions, to be effective as of January 1, 2015. This designation as a Qualified Jurisdiction was to be valid for five years (absent a material change in circumstances) ending on December 31, 2019, after which FINMA would be re-evaluated under the provisions of the Qualified Jurisdiction Process. Specifically, paragraph III(12)(c) of the Qualified Jurisdiction Process currently provides, as follows:

Once approved, a Qualified Jurisdiction is subject to a re-evaluation every five years. The Periodic Evaluation may follow a similar process as that set forth above, or such abbreviated process as the Qualified Jurisdiction Working Group may deem appropriate. [Emphasis added].

The Working Group has determined that it would follow such an abbreviated process in its re-evaluations of the jurisdictions currently on the NAIC List of Qualified Jurisdictions. The Working Group met in regulator-to-regulator session on October 7, 2019, and heard a presentation by NAIC staff

¹ The Credit for Reinsurance Models were further revised on June 25, 2019, to recognize a new designation of “Reciprocal Jurisdiction” under which certain reinsurers licensed and domiciled in Reciprocal Jurisdictions are not required to post reinsurance collateral. A Qualified Jurisdiction which meets certain additional requirements described in the Credit for Reinsurance Models may be determined to be a Reciprocal Jurisdiction under a separate evaluation by the Working Group.
on whether FINMA should be re-approved as a Qualified Jurisdiction. The Working Group considered the following information with respect to the re-evaluation of FINMA:


7. *NAIC Staff Workpapers on Initial Review and Findings dated August 5, 2014 (Confidential).*

### III. Standard of Review

The standard for qualification of a jurisdiction is that the NAIC must reasonably conclude that the jurisdiction’s reinsurance supervisory system achieves a level of effectiveness in financial solvency regulation that is deemed acceptable for purposes of reinsurance collateral reduction. In addition, the jurisdiction’s demonstrated practices and procedures with respect to reinsurance supervision are consistent with its reinsurance supervisory system and the jurisdiction’s laws and practices satisfy the criteria required of Qualified Jurisdictions as set forth in the Credit for Reinsurance Models.

This same standard was deemed appropriate by the Working Group with respect to the re-evaluation of a Qualified Jurisdiction under the abbreviated process. Specifically, the Working Group determined that it would be appropriate to review a jurisdiction’s most recent IMF report prepared under its Financial Sector Assessment Program (FSAP), and any other documentation that the Working Group would consider to be relevant to this determination. In addition, the Working Group would consider its past experience in working with the Qualified Jurisdiction and any certified reinsurers domiciled in the Qualified Jurisdiction.

### IV. Summary of Findings and Recommendation

Upon review of the available information, the Working Group has reached the conclusion that FINMA’s reinsurance supervisory system continues to achieve a level of effectiveness in financial solvency
regulation that is acceptable for purposes of reinsurance collateral reduction, that FINMA’s demonstrated practices and procedures with respect to reinsurance supervision continue to be consistent with its reinsurance supervisory system, and that its laws and practices satisfy the criteria required of Qualified Jurisdictions as set forth in the Credit for Reinsurance Models.

Therefore, it is the recommendation of the Working Group that the NAIC continue to recognize FINMA as a Qualified Jurisdiction and place it on the *NAIC List of Qualified Jurisdictions*, with such re-evaluation to be effective as of January 1, 2020.
November 6, 2019

Mr. Jake Stultz
Senior Accounting and Reinsurance Policy Advisor
and
Mr. Dan Schelp
Chief Counsel, Regulatory Affairs
National Association of Insurance Commissioners
1100 Walnut St.
Kansas City, MO  64106  (via email)

Re: Reciprocal Jurisdiction Accreditation Standard Exposure

Dear Messrs. Stultz and Schelp:

The American Council of Life Insurers (ACLI) advocates on behalf of 280 member companies dedicated to providing products and services that promote consumers’ financial and retirement security. Ninety million American families depend on our members for life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, dental and vision and other supplemental benefits. ACLI represents member companies in state, federal and international forums for public policy that supports the industry marketplace and the families that rely on life insurers’ products for peace of mind. ACLI members represent 95 percent of industry assets in the United States. ACLI also represents all professional life reinsurers assuming mortality and morbidity risks in the United States.

We appreciate the opportunity to review and comment on the three Summary of Findings and Determination exposures regarding the re-evaluations of the Bermuda Monetary Authority (Bermuda), the Financial Services Agency (Japan), and the Financial Market Supervisory Authority (Switzerland). With all three Qualified Jurisdictions needing review prior to their December 31, 2019 expiration date, we are pleased that all three jurisdictions continue to meet the requirements as Qualified Jurisdictions. Furthermore, we appreciate the timely reviews and look forward to these jurisdictions being reviewed to qualify as Reciprocal Jurisdictions.

Sincerely,

Steven M. Clayburn, FSA, MAAA
Mariana Gomez-Vock

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Summary of Findings and Determination

BERMUDA MONETARY AUTHORITY

Evaluation of Reciprocal Jurisdiction

Issued for Public Comment By:

Qualified Jurisdiction (E) Working Group

November 5, 2019
I. Evaluation of Bermuda Monetary Authority as Reciprocal Jurisdiction

The Qualified Jurisdiction (E) Working Group of the National Association of Insurance Commissioners (NAIC) has completed this *Summary of Findings and Determination* with respect to the evaluation of the Bermuda Monetary Authority (BMA), the lead insurance regulatory supervisor for Bermuda, as a Reciprocal Jurisdiction. It is the recommendation of the Working Group that the NAIC approve the BMA as a Reciprocal Jurisdiction and place it on the *NAIC List of Reciprocal Jurisdictions*, to be effective as of January 1, 2020. Further, the Working Group recommends that the BMA’s status as a Reciprocal Jurisdiction only be applicable to (re)insurers of Class 3A, Class 3B and Class 4, and long-term (re)insurers of Class C, Class D and Class E, which is consistent with the approval of the BMA as a Qualified Jurisdiction. Finally, the Working Group recommends that Florida be the Lead State for purposes of regulatory cooperation and information sharing with the BMA. These recommendations are based on the following analysis:

II. Procedural History

On September 22, 2017, the United States and the European Union (EU) entered into the “*Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance.*” A similar agreement with the United Kingdom (UK) was signed on December 18, 2018. Both agreements (collectively referred to as the “Covered Agreements”) will require the states to eliminate reinsurance collateral requirements for reinsurers licensed and domiciled in these jurisdictions within 60 months (five years) after signing or face potential federal preemption by the Federal Insurance Office (FIO) under the Dodd-Frank Act.

The NAIC adopted revisions to the *Credit for Reinsurance Model Law (#785)* and *Credit for Reinsurance Model Regulation (#786)* (collectively, the “Credit for Reinsurance Models”) on June 25, 2019, to recognize a new designation of “Reciprocal Jurisdiction” under which certain reinsurers licensed and domiciled in Reciprocal Jurisdictions are not required to post reinsurance collateral. A Qualified Jurisdiction which meets certain additional requirements described in the Credit for Reinsurance Models may be determined to be a Reciprocal Jurisdiction under the revised Credit for Reinsurance Models.

A list of Reciprocal Jurisdictions will be published through the NAIC committee process. Jurisdictions subject to an in-force Covered Agreement and states that meet the requirements of the NAIC Financial Standards and Accreditation Program are automatically included on the List of Reciprocal Jurisdictions. A state must consider this list in its determination of Reciprocal Jurisdiction status, and if the state approves a jurisdiction not on this list, the state must thoroughly document the justification for approving this jurisdiction in accordance with the standards for approving Reciprocal Jurisdictions contained in the Credit for Reinsurance Models.

On October 22, 2019, the Reinsurance (E) Task Force updated and revised the *Process for Evaluating Qualified and Reciprocal Jurisdictions* to specify how Qualified Jurisdictions that recognize key NAIC solvency initiatives, including group supervision and group capital standards, and also meet the other
requirements under the revised Credit for Reinsurance Models, will be recognized as Reciprocal Jurisdictions and receive similar treatment as that provided under the EU and UK Covered Agreements, including the elimination of reinsurance collateral and local presence requirements by the states.

III. BMA’s Status of a Qualified Jurisdiction

A Qualified Jurisdiction may not be reviewed for inclusion on the NAIC List of Reciprocal Jurisdictions unless it remains in good standing with the NAIC as a Qualified Jurisdiction. The NAIC originally designated the BMA as a Conditional Qualified Jurisdiction effective January 1, 2014, with the designation to continue for one year. On December 16, 2014, the NAIC approved the BMA as a Qualified Jurisdiction and placed it on the NAIC List of Qualified Jurisdictions, to be effective as of January 1, 2015. This designation as a Qualified Jurisdiction was to be valid for five years (absent a material change in circumstances) ending on December 31, 2019, after which the BMA would be re-evaluated.

The Working Group met in regulator-to-regulator session on October 7, 2019 and re-approved the BMA as a Qualified Jurisdiction. The Reinsurance (E) Task Force is expected to approve the re-evaluation of the BMA as a Qualified Jurisdiction, which is expected to be confirmed by the NAIC Executive (EX) Committee and Plenary at its 2019 Fall National Meeting. This Summary of Findings and Determination with respect to the BMA as a Reciprocal Jurisdiction is expressly made contingent upon the NAIC’s re-approval of the BMA as a Qualified Jurisdiction.

IV. Written Confirmation

In making its recommendation with respect to whether a Qualified Jurisdiction that is not automatically designated as a Reciprocal Jurisdiction should be added to the NAIC List of Reciprocal Jurisdictions, the Qualified Jurisdiction Working Group shall undertake the following analysis in making its evaluation:

1. The Qualified Jurisdiction must confirm that an insurer which has its head office or is domiciled in that jurisdiction shall receive credit for reinsurance ceded to a U.S.-domiciled assuming insurer in the same manner as credit for reinsurance assumed by insurers domiciled in that jurisdiction is received by United States ceding insurers;

2. The Qualified Jurisdiction must confirm that it does not require a U.S.-domiciled assuming insurer to establish or maintain a local presence as a condition for entering into a reinsurance agreement with any ceding insurer subject to regulation by that jurisdiction or as a condition to allow the ceding insurer to recognize credit for such reinsurance;

3. The Qualified Jurisdiction must recognize the U.S. state regulatory approach to group supervision and group capital, by providing written confirmation by its competent regulatory authority that insurance groups that are domiciled or maintain their worldwide headquarters in this state or another jurisdiction accredited by the NAIC shall be subject only to their U.S. home jurisdiction’s worldwide prudential insurance group supervision, including worldwide group
governance, solvency and capital, and reporting, as applicable, and will not be subject to group supervision at the level of the worldwide parent undertaking of the insurance or reinsurance group by the Qualified Jurisdiction;

4. The Qualified Jurisdiction must provide written confirmation by its competent regulatory authority that information regarding insurers and their parent, subsidiary, or affiliated entities, if applicable, shall be provided to the states in accordance with a memorandum of understanding or similar document between a state and the Qualified Jurisdiction, including but not limited to the IAIS MMoU or other multilateral memoranda of understanding coordinated by the NAIC. This requirement may be satisfied by an MOU with a Lead State, which shall provide for appropriate confidentiality safeguards with respect to the information shared between the jurisdictions, similar to the MOU requirement outlined in paragraph 11 of this section III; and

5. The Qualified Jurisdiction must confirm that it will provide to the states on an annual basis confirmation that each eligible assuming insurer that is domiciled in the Qualified Jurisdiction continues to comply with the requirements set forth in in Section 9C(2) and (3) of Model #786; i.e., must maintain minimum capital and surplus of no less than $250,000,000, and maintains on an ongoing basis the required minimum solvency or capital ratio, as applicable.

The BMA provided the NAIC and the chief insurance regulators of the 50 states, the District of Columbia and five U.S. territories with this written confirmation by letter dated October 30, 2019. The Qualified Jurisdiction Working Group performed a due diligence review of available public and confidential documents to confirm that to the best of its determination, the representations in the letter are true and accurate on November 5, 2019.

V. Minimum Solvency or Capital Ratio

The Qualified Jurisdiction Working Group, working in coordination with the Qualified Jurisdiction and the Reinsurance Financial Analysis (E) Working Group, must make a determination on a minimum solvency or capital ratio under which reinsurers licensed and domiciled in the Qualified Jurisdiction may assume insurance from U.S. ceding companies without posting reinsurance collateral. The applicable minimum solvency or capital ratio must be an effective measure of solvency, comparable to either an NAIC risk-based capital (RBC) ratio of three hundred percent (300%) of the authorized control level, or one hundred percent (100%) of the solvency capital requirement (SCR) as calculated under the Solvency II Directive issued by the European Union, giving due consideration to any applicable equivalency decision made by the European Commission (EC) based on assessments conducted by the European Insurance and Occupational Pensions Authority (EIOPA) on the Qualified Jurisdiction with respect to Solvency II.

In a Note dated September 27, 2019, the BMA advised the NAIC that Bermuda’s risk-based solvency regime for commercial (re)insurers (Bermuda Enhanced Regime) reached full Solvency II equivalence on 24th March 2016. The regulatory capital requirement for the Bermuda Enhanced Regime is designated Enhanced Capital Requirement (ECR). Full Solvency II equivalence means that the EC and
EIOPA recognize the Bermuda Enhanced Regime as producing equivalent outcomes to Solvency II, namely that a 100% Enhanced Capital Requirement (ECR) ratio is equivalent on an outcome basis to a 100% Solvency II SCR ratio. The BMA also advised the NAIC that it considers a 100% ECR ratio produces results equivalent to a 300% RBC ratio on an outcomes basis. Furthermore, the BMA advised that it had made some enhancements to certain aspects of its Bermuda Enhanced Regime in 2018, which became effective on January 1, 2019. The BMA further reported that in July 2018, the BMA engaged with EIOPA in a series of meetings as part of the monitoring of its Solvency II equivalence status. The overall assessment was “positive” which means that EIOPA confirmed that the Bermuda Enhanced Regime remains fully Solvency II equivalent and that a 100% ECR ratio as calculated under the revised rules remains equivalent on an outcome basis to a 100% Solvency II SCR ratio.

The Qualified Jurisdiction Working Group approved 100% ECR as the minimum solvency or capital ratio for reinsurers domiciled in Bermuda, and the Reinsurance Financial Analysis (E) Working Group approved 100% ECR as the minimum solvency or capital ratio on October 11, 2019.

VI. Summary of Findings and Recommendation

Therefore, it is the recommendation of the Qualified Jurisdiction Working Group that the NAIC recognize the BMA as a Reciprocal Jurisdiction and place it on the NAIC List of Reciprocal Jurisdictions, with such evaluation to be effective as of January 1, 2020. Further, the Working Group recommends that the BMA’s status as a Reciprocal Jurisdiction only apply to (re)insurers of Class 3A, Class 3B and Class 4, and long-term (re)insurers of Class C, Class D and Class E. Finally, the Working Group recommends that the minimum solvency or capital ratio for eligible reinsurers domiciled in Bermuda to be a 100% ECR ratio.
Summary of Findings and Determination

Japan:
Financial Services Agency (FSA)

Evaluation of Reciprocal Jurisdiction

Issued for Public Comment By:
Qualified Jurisdiction (E) Working Group
November 5, 2019
I. Evaluation of Japan as Reciprocal Jurisdiction

The Qualified Jurisdiction (E) Working Group of the National Association of Insurance Commissioners (NAIC) has completed this Summary of Findings and Determination with respect to the evaluation of the Financial Services Agency (FSA), the lead insurance regulatory supervisor for Japan, as a Reciprocal Jurisdiction. It is the recommendation of the Working Group that the NAIC approve the FSA as a Reciprocal Jurisdiction and place it on the NAIC List of Reciprocal Jurisdictions, to be effective as of January 1, 2020. Further, the Working Group recommends that California be the Lead State for purposes of regulatory cooperation and information sharing with the FSA. These recommendations are based on the following analysis:

II. Procedural History

On September 22, 2017, the United States and the European Union (EU) entered into the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance.” A similar agreement with the United Kingdom (UK) was signed on December 18, 2018. Both agreements (collectively referred to as the “Covered Agreements”) will require the states to eliminate reinsurance collateral requirements for reinsurers licensed and domiciled in these jurisdictions within 60 months (five years) after signing or face potential federal preemption by the Federal Insurance Office (FIO) under the Dodd-Frank Act.

The NAIC adopted revisions to the Credit for Reinsurance Model Law (#785) and Credit for Reinsurance Model Regulation (#786) (collectively, the “Credit for Reinsurance Models”) on June 25, 2019, to recognize a new designation of “Reciprocal Jurisdiction” under which certain reinsurers licensed and domiciled in Reciprocal Jurisdictions are not required to post reinsurance collateral. A Qualified Jurisdiction which meets certain additional requirements described in the Credit for Reinsurance Models may be determined to be a Reciprocal Jurisdiction under the revised Credit for Reinsurance Models.

A list of Reciprocal Jurisdictions will be published through the NAIC committee process. Jurisdictions subject to an in-force Covered Agreement and states that meet the requirements of the NAIC Financial Standards and Accreditation Program are automatically included on the List of Reciprocal Jurisdictions. A state must consider this list in its determination of Reciprocal Jurisdiction status, and if the state approves a jurisdiction not on this list, the state must thoroughly document the justification for approving this jurisdiction in accordance with the standards for approving Reciprocal Jurisdictions contained in the Credit for Reinsurance Models.

On October 22, 2019, the Reinsurance (E) Task Force updated and revised the Process for Evaluating Qualified and Reciprocal Jurisdictions to specify how Qualified Jurisdictions that recognize key NAIC solvency initiatives, including group supervision and group capital standards, and also meet the other requirements under the revised Credit for Reinsurance Models, will be recognized as Reciprocal Jurisdictions and receive similar treatment as that provided under the EU and UK Covered Agreements, including the elimination of reinsurance collateral and local presence requirements by the states.
III. Japan’s Status of a Qualified Jurisdiction

A Qualified Jurisdiction may not be reviewed for inclusion on the *NAIC List of Reciprocal Jurisdictions* unless it remains in good standing with the NAIC as a Qualified Jurisdiction. On December 16, 2014, the NAIC approved the FSA as a Qualified Jurisdiction and placed it on the *NAIC List of Qualified Jurisdictions*, to be effective as of January 1, 2015. This designation as a Qualified Jurisdiction was to be valid for five years (absent a material change in circumstances) ending on December 31, 2019, after which the FSA would be re-evaluated.

The Working Group met in regulator-to-regulator session on October 7, 2019 and re-approved the FSA as a Qualified Jurisdiction. The Reinsurance (E) Task Force is expected to approve the re-evaluation of the FSA as a Qualified Jurisdiction, which is expected to be confirmed by the NAIC Executive (EX) Committee and Plenary at its 2019 Fall National Meeting. This *Summary of Findings and Determination* with respect to the FSA as a Reciprocal Jurisdiction is expressly made contingent upon the NAIC’s re-approval of the FSA as a Qualified Jurisdiction.

IV. Written Confirmation

In making its recommendation with respect to whether a Qualified Jurisdiction that is not automatically designated as a Reciprocal Jurisdiction should be added to the *NAIC List of Reciprocal Jurisdictions*, the Qualified Jurisdiction Working Group shall undertake the following analysis in making its evaluation:

1. The Qualified Jurisdiction must confirm that an insurer which has its head office or is domiciled in that jurisdiction shall receive credit for reinsurance ceded to a U.S.-domiciled assuming insurer in the same manner as credit for reinsurance assumed by insurers domiciled in that jurisdiction is received by United States ceding insurers;

2. The Qualified Jurisdiction must confirm that it does not require a U.S.-domiciled assuming insurer to establish or maintain a local presence as a condition for entering into a reinsurance agreement with any ceding insurer subject to regulation by that jurisdiction or as a condition to allow the ceding insurer to recognize credit for such reinsurance;

3. The Qualified Jurisdiction must recognize the U.S. state regulatory approach to group supervision and group capital, by providing written confirmation by its competent regulatory authority that insurance groups that are domiciled or maintain their worldwide headquarters in this state or another jurisdiction accredited by the NAIC shall be subject only to their U.S. home jurisdiction’s worldwide prudential insurance group supervision, including worldwide group governance, solvency and capital, and reporting, as applicable, and will not be subject to group supervision at the level of the worldwide parent undertaking of the insurance or reinsurance group by the Qualified Jurisdiction;

4. The Qualified Jurisdiction must provide written confirmation by its competent regulatory authority that information regarding insurers and their parent, subsidiary, or affiliated entities, if
applicable, shall be provided to the states in accordance with a memorandum of understanding or similar document between a state and the Qualified Jurisdiction, including but not limited to the IAIS MMoU or other multilateral memoranda of understanding coordinated by the NAIC This requirement may be satisfied by an MOU with a Lead State, which shall provide for appropriate confidentiality safeguards with respect to the information shared between the jurisdictions, similar to the MOU requirement outlined in paragraph 11 of this section III; and

5. The Qualified Jurisdiction must confirm that it will provide to the states on an annual basis confirmation that each eligible assuming insurer that is domiciled in the Qualified Jurisdiction continues to comply with the requirements set forth in in Section 9C(2) and (3) of Model #786; i.e., must maintain minimum capital and surplus of no less than $250,000,000, and maintains on an ongoing basis the required minimum solvency or capital ratio, as applicable.

The FSA provided the NAIC and the chief insurance regulators of the 50 states, the District of Columbia and five U.S. territories with this written confirmation by letter dated October 31, 2019. The Qualified Jurisdiction Working Group performed a due diligence review of available public and confidential documents to confirm that to the best of its determination, the representations in the letter are true and accurate on November 5, 2019.

V. Minimum Solvency or Capital Ratio

The Qualified Jurisdiction Working Group, working in coordination with the Qualified Jurisdiction and the Reinsurance Financial Analysis (E) Working Group, must make a determination on a minimum solvency or capital ratio under which reinsurers licensed and domiciled in the Qualified Jurisdiction may assume insurance from U.S. ceding companies without posting reinsurance collateral. The applicable minimum solvency or capital ratio must be an effective measure of solvency, comparable to either an NAIC risk-based capital (RBC) ratio of three hundred percent (300%) of the authorized control level, or one hundred percent (100%) of the solvency capital requirement (SCR) as calculated under the Solvency II Directive issued by the European Union, giving due consideration to any applicable equivalency assessment conducted by the European Insurance and Occupational Pensions Authority (EIOPA) on the Qualified Jurisdiction with respect to Solvency II.

In the 2015 EIOPA Advice to the European Commission: Equivalence assessment of the Japanese supervisory system in relation to Article 172 of the Solvency II Directive (EIOPA-CP-14/043), EIOPA made the following observations on the FSA’s capital requirements:

JFSA regulation defines a capital requirement that is named the ‘total risk’ in Ministry of Finance Notice No. 50 “Calculation methods...”. This capital requirement broadly corresponds to the Solvency II Solvency Capital Requirement (SCR) (see below)...JFSA regulation defines a ‘Solvency Margin Ratio’ (hereunder SMR), which equates to double the own funds divided by the ‘total risk’.

JFSA regulation defines three levels of supervisory intervention:
- Even when the SMR is **above 200%**, the JFSA may require insurers to adopt ‘improvement measures’, notably on profitability, credit risk (including a reduction to their credit concentration risk), stability (reduction to their market and interest rate risks) and liquidity risk. The JFSA refers to this ‘early’ supervisory intervention as the “early warning system”.

- When the SMR is **between 100% and 200%**, the JFSA may order insurers to submit and implement an improvement plan for ensuring managerial soundness.

- When the SMR is **between 0% and 100%**, the JFSA may order a series of measures such as reduction of dividends to shareholders, reduction of dividends to policyholders, and contraction of business operations.

- When the SMR is **below 0%**, JFSA may order the total or partial suspension of business.

...From the above description, it follows that in terms of supervisory action the JFSA system has at least one supplementary level of intervention, compared to the Solvency II system. It also follows that supervisory actions taken at 200% of the SMR would, broadly speaking, correspond to those taken at the Solvency II SCR level of intervention —even though JFSA may intervene in a legally binding manner even if the SMR is more than 200%—, while supervisory actions taken at 0% of the SMR along with actions taken at the level of 100% of the SMR would, broadly speaking, correspond to possible actions under the Solvency II MCR.

In its consultation e-mail to the NAIC dated October 3, 2019, the FSA advised as follows: “an SMR of 200 percent triggers early remedial action such as submission of a management plan to restore the SMR, as an SCR of 100 percent triggers supervisory action such as submission of a realistic recovery plan. In this regard, we understand supervisory actions taken at 200% of the SMR would correspond to those taken at the Solvency II SCR level of intervention, even though the FSA may take supervisory actions in a proactive manner even if the SMR is more than 200%.”

The Qualified Jurisdiction Working Group approved 200 percent of the SMR as the minimum solvency or capital ratio for reinsurers domiciled in Japan, and the Reinsurance Financial Analysis (E) Working Group approved 200 percent of the SMR as the minimum solvency or capital ratio on October 11, 2019.

**VI. Summary of Findings and Recommendation**

Therefore, it is the recommendation of the Qualified Jurisdiction Working Group that the NAIC recognize the FSA as a Reciprocal Jurisdiction and place it on the *NAIC List of Reciprocal Jurisdictions*, with such evaluation to be effective as of January 1, 2020. Further, the Working Group recommends that the minimum solvency or capital ratio for eligible reinsurers domiciled in Japan to be 200 percent of the SMR.
Summary of Findings and Determination

Switzerland:
Financial Market Supervisory Authority (FINMA)

Evaluation of Reciprocal Jurisdiction

Issued for Public Comment By:

Qualified Jurisdiction (E) Working Group

November 5, 2019
I. Evaluation of Switzerland as Reciprocal Jurisdiction

The Qualified Jurisdiction (E) Working Group of the National Association of Insurance Commissioners (NAIC) has completed this Summary of Findings and Determination with respect to the evaluation of the Swiss Financial Market Supervisory Authority FINMA, the lead insurance regulatory supervisor for Switzerland, as a Reciprocal Jurisdiction. It is the recommendation of the Working Group that the NAIC approve FINMA as a Reciprocal Jurisdiction and place it on the NAIC List of Reciprocal Jurisdictions, to be effective as of January 1, 2020. Further, the Working Group recommends that Missouri be the Lead State for purposes of regulatory cooperation and information sharing with FINMA. These recommendations are based on the following analysis:

II. Procedural History

On September 22, 2017, the United States and the European Union (EU) entered into the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance.” A similar agreement with the United Kingdom (UK) was signed on December 18, 2018. Both agreements (collectively referred to as the “Covered Agreements”) will require the states to eliminate reinsurance collateral requirements for reinsurers licensed and domiciled in these jurisdictions within 60 months (five years) after signing or face potential federal preemption by the Federal Insurance Office (FIO) under the Dodd-Frank Act.

The NAIC adopted revisions to the Credit for Reinsurance Model Law (#785) and Credit for Reinsurance Model Regulation (#786) (collectively, the “Credit for Reinsurance Models”) on June 25, 2019, to recognize a new designation of “Reciprocal Jurisdiction” under which certain reinsurers licensed and domiciled in Reciprocal Jurisdictions are not required to post reinsurance collateral. A Qualified Jurisdiction which meets certain additional requirements described in the Credit for Reinsurance Models may be determined to be a Reciprocal Jurisdiction under the revised Credit for Reinsurance Models.

A list of Reciprocal Jurisdictions will be published through the NAIC committee process. Jurisdictions subject to an in-force Covered Agreement and states that meet the requirements of the NAIC Financial Standards and Accreditation Program are automatically included on the List of Reciprocal Jurisdictions. A state must consider this list in its determination of Reciprocal Jurisdiction status, and if the state approves a jurisdiction not on this list, the state must thoroughly document the justification for approving this jurisdiction in accordance with the standards for approving Reciprocal Jurisdictions contained in the Credit for Reinsurance Models

On October 22, 2019, the Reinsurance (E) Task Force updated and revised the Process for Evaluating Qualified and Reciprocal Jurisdictions to specify how Qualified Jurisdictions that recognize key NAIC solvency initiatives, including group supervision and group capital standards, and also meet the other requirements under the revised Credit for Reinsurance Models, will be recognized as Reciprocal Jurisdictions and receive similar treatment as that provided under the EU and UK Covered Agreements, including the elimination of reinsurance collateral and local presence requirements by the states.
III. FINMA’s Status of a Qualified Jurisdiction

A Qualified Jurisdiction may not be reviewed for inclusion on the *NAIC List of Reciprocal Jurisdictions* unless it remains in good standing with the NAIC as a Qualified Jurisdiction. The NAIC originally designated FINMA as a Conditional Qualified Jurisdiction effective January 1, 2014, with the designation to continue for one year. On December 16, 2014, the NAIC approved FINMA as a Qualified Jurisdiction and placed it on the *NAIC List of Qualified Jurisdictions*, to be effective as of January 1, 2015. This designation as a Qualified Jurisdiction was to be valid for five years (absent a material change in circumstances) ending on December 31, 2019, after which FINMA would be re-evaluated.

The Working Group met in regulator-to-regulator session on October 7, 2019 and re-approved FINMA as a Qualified Jurisdiction. The Reinsurance (E) Task Force is expected to approve the re-evaluation of FINMA as a Qualified Jurisdiction, which is expected to be confirmed by the NAIC Executive (EX) Committee and Plenary at its 2019 Fall National Meeting. This *Summary of Findings and Determination* with respect to FINMA as a Reciprocal Jurisdiction is expressly made contingent upon the NAIC’s re-approval of FINMA as a Qualified Jurisdiction.

IV. Written Confirmation

In making its recommendation with respect to whether a Qualified Jurisdiction that is not automatically designated as a Reciprocal Jurisdiction should be added to the *NAIC List of Reciprocal Jurisdictions*, the Qualified Jurisdiction Working Group shall undertake the following analysis in making its evaluation:

1. The Qualified Jurisdiction must confirm that an insurer which has its head office or is domiciled in that jurisdiction shall receive credit for reinsurance ceded to a U.S.-domiciled assuming insurer in the same manner as credit for reinsurance assumed by insurers domiciled in that jurisdiction is received by United States ceding insurers;

2. The Qualified Jurisdiction must confirm that it does not require a U.S.-domiciled assuming insurer to establish or maintain a local presence as a condition for entering into a reinsurance agreement with any ceding insurer subject to regulation by that jurisdiction or as a condition to allow the ceding insurer to recognize credit for such reinsurance;

3. The Qualified Jurisdiction must recognize the U.S. state regulatory approach to group supervision and group capital, by providing written confirmation by its competent regulatory authority that insurance groups that are domiciled or maintain their worldwide headquarters in this state or another jurisdiction accredited by the NAIC shall be subject only to their U.S. home jurisdiction’s worldwide prudential insurance group supervision, including worldwide group governance, solvency and capital, and reporting, as applicable, and will not be subject to group supervision at the level of the worldwide parent undertaking of the insurance or reinsurance group by the Qualified Jurisdiction;
4. The Qualified Jurisdiction must provide written confirmation by its competent regulatory authority that information regarding insurers and their parent, subsidiary, or affiliated entities, if applicable, shall be provided to the states in accordance with a memorandum of understanding or similar document between a state and the Qualified Jurisdiction, including but not limited to the IAIS MMoU or other multilateral memoranda of understanding coordinated by the NAIC. This requirement may be satisfied by an MOU with a Lead State, which shall provide for appropriate confidentiality safeguards with respect to the information shared between the jurisdictions, similar to the MOU requirement outlined in paragraph 11 of this section III; and

5. The Qualified Jurisdiction must confirm that it will provide to the states on an annual basis confirmation that each eligible assuming insurer that is domiciled in the Qualified Jurisdiction continues to comply with the requirements set forth in Section 9C(2) and (3) of Model #786; i.e., must maintain minimum capital and surplus of no less than $250,000,000, and maintains on an ongoing basis the required minimum solvency or capital ratio, as applicable.

FINMA provided the NAIC and the chief insurance regulators of the 50 states, the District of Columbia and five U.S. territories with this written confirmation by letter dated October 29, 2019. The Qualified Jurisdiction Working Group performed a due diligence review of available public and confidential documents to confirm that to the best of its determination, the representations in the letter are true and accurate on November 5, 2019.

V. Minimum Solvency or Capital Ratio

The Qualified Jurisdiction Working Group, working in coordination with the Qualified Jurisdiction and the Reinsurance Financial Analysis (E) Working Group, must make a determination on a minimum solvency or capital ratio under which reinsurers licensed and domiciled in the Qualified Jurisdiction may assume insurance from U.S. ceding companies without posting reinsurance collateral. The applicable minimum solvency or capital ratio must be an effective measure of solvency, comparable to either an NAIC risk-based capital (RBC) ratio of three hundred percent (300%) of the authorized control level, or one hundred percent (100%) of the solvency capital requirement (SCR) as calculated under the Solvency II Directive issued by the European Union, giving due consideration to any applicable equivalency assessment conducted by the European Insurance and Occupational Pensions Authority (EIOPA) on the Qualified Jurisdiction with respect to Solvency II.

In the 2015 EIOPA Advice to the European Commission: Equivalence assessment of the Swiss supervisory system in relation to Articles 172, 227 and 260 of the Solvency II Directive (EIOPA-BoS-15/041), EIOPA made the following observations on Switzerland’s ladder of supervisory intervention:

Under the Swiss Solvency Test (SST), the capital requirement which is more commonly referred to as the Target Capital (TC) under the SST, is calculated to cover unexpected losses arising from existing business that correspond to the Tail Value-at-Risk (Tail-VaR) of the Risk Bearing Capital (RBC) subject to a confidence level of 99% over a one-year period…. 
The SST ratio of an insurer determines its supervisory zone (green, yellow, amber or red) and the corresponding degree of supervisory intervention:

- If the SST ratio is 100% or more, there will be no supervisory intervention – i.e. the insurer will be subject to normal supervisory monitoring. [Emphasis added].

- If the SST ratio falls below 100%, the intensity of supervisory intervention and the intrusiveness of supervisory actions will increase as the SST ratio decreases.

- If the SST ratio falls below 33%, the insurer will be required to take immediate actions to restore the SST ratio, the failure of which will trigger FINMA to revoke its license.

In its consultation letter to the NAIC dated October 2, 2019, FINMA advised as follows:

FINMA would consider in principle 100% SST to be comparable to some extent to 100% SCR under Solvency II. In addition, we would like to make the following comments:

- There is a significant degree of commonalities between the two solvency regimes, but also some different approaches applied.
- The application for the tail value-at-risk with a confidence level of 99% under the SST as opposed to the value-at-at risk with a confidence level of 99.5% leads in the case of a reinsurer typically to more conservative results, i.e. to a higher insurance target capital.
- In this context, one can also refer to recent IMF FSAP Reports.

The Qualified Jurisdiction Working Group approved 100% SST as the minimum solvency or capital ratio for reinsurers domiciled in Switzerland, and the Reinsurance Financial Analysis (E) Working Group approved 100% SST as the minimum solvency or capital ratio on October 11, 2019.

VI. Summary of Findings and Recommendation

Therefore, it is the recommendation of the Qualified Jurisdiction Working Group that the NAIC recognize FINMA as a Reciprocal Jurisdiction and place it on the NAIC List of Reciprocal Jurisdictions, with such evaluation to be effective as of January 1, 2020. Further, the Working Group recommends that the minimum solvency or capital ratio for eligible reinsurers domiciled in Switzerland to be a 100% SST ratio.

W:\National Meetings\2019\Fall\TF\Reinsurance\National Meeting\Minutes\Att 08 - Switzerland Reciprocal Jurisdiction Findings
November 26, 2019

Mr. Jake Stultz  
Senior Accounting and Reinsurance Policy Advisor  
and  
Mr. Dan Schelp  
Chief Counsel, Regulatory Affairs  
National Association of Insurance Commissioners  
1100 Walnut St.  
Kansas City, MO 64106 (via email)

Re: Evaluation of Reciprocal Jurisdictions Exposures

Dear Messrs. Stultz and Schelp:

The American Council of Life Insurers (ACLI) advocates on behalf of 280 member companies dedicated to providing products and services that promote consumers’ financial and retirement security. Ninety million American families depend on our members for life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, dental and vision and other supplemental benefits. ACLI represents member companies in state, federal and international forums for public policy that supports the industry marketplace and the families that rely on life insurers’ products for peace of mind. ACLI members represent 95 percent of industry assets in the United States. ACLI also represents all professional life reinsurers assuming mortality and morbidity risks in the United States.

We appreciate the opportunity to review and comment on the three Summary of Findings and Determination exposures regarding the evaluations of the Bermuda Monetary Authority (Bermuda), the Financial Services Agency (Japan), and the Financial Market Supervisory Authority (Switzerland) as Reciprocal Jurisdictions. We are pleased that the Qualified Jurisdiction Working Group has deemed all three jurisdictions to meet the requirements as Reciprocal Jurisdictions. ACLI supports those findings.

Sincerely,

Steven M. Clayburn, FSA, MAAA  
Mariana Gomez-Vock

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**BLANK(S) TO WHICH PROPOSAL APPLIES**

- [X] ANNUAL STATEMENT
- [X] QUARTERLY STATEMENT
- [X] Instructions Blank
- [X] Life, Accident & Health/Fratal
- [X] Property/Casualty
- [X] Health
- [X] Health (Life Supplement)
- [ ] Separate Accounts
- [ ] Protected Cell

Anticipated Effective Date: Annual 2020

**IDENTIFICATION OF ITEM(S) TO CHANGE**

See next page for details.

**REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

See next page for details.

**NAIC STAFF COMMENTS**

Comment on Effective Reporting Date: __________________________

Other Comments:

**This section must be completed on all forms.**

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REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE

On June 25, 2019, NAIC Executive (EX) Committee and Plenary adopted revisions to the Credit for Reinsurance Model Law (#785) and the Credit for Reinsurance Model Regulation (#786) to incorporate the relevant provisions from the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance” (Covered Agreement). Under the revisions, credit for reinsurance is allowed for domestic ceding insurers for reinsurance that has been ceded to reinsurers from Reciprocal Jurisdictions, and that those reinsurers are not required to post collateral. As a result, it is necessary to consider revisions to the appropriate reinsurance schedules and instructions in order to collect the relevant information with respect to these reinsurance transactions.

IDENTIFICATION OF ITEM(S) TO CHANGE

<table>
<thead>
<tr>
<th>Annual Statement Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Life/Fraternal and Health</strong></td>
</tr>
<tr>
<td>Schedule S General Instructions</td>
</tr>
<tr>
<td>- Modify instructions to include section on numbers for Reciprocal Jurisdiction Companies.</td>
</tr>
<tr>
<td>- Modify note on applying Reciprocal Jurisdiction.</td>
</tr>
<tr>
<td>- Add Reciprocal Jurisdiction to the instruction for determining status.</td>
</tr>
<tr>
<td>- Reference in certified reinsurer number paragraph.</td>
</tr>
<tr>
<td>Schedule S, Part 1, Section 1</td>
</tr>
<tr>
<td>- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 2.</td>
</tr>
<tr>
<td>Schedule S, Part 1, Section 2</td>
</tr>
<tr>
<td>- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 2.</td>
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<tr>
<td>Schedule S, Part 2</td>
</tr>
<tr>
<td>- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 2.</td>
</tr>
<tr>
<td>Schedule S, Part 3, Section 1</td>
</tr>
<tr>
<td>- Add category lines for Reciprocal Jurisdiction Companies.</td>
</tr>
<tr>
<td>- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 2.</td>
</tr>
<tr>
<td>Schedule S, Part 3, Section 2</td>
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<tr>
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</tr>
<tr>
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</tr>
<tr>
<td>Schedule S, Part 4</td>
</tr>
<tr>
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</tr>
<tr>
<td>Schedule S, Part 5</td>
</tr>
<tr>
<td>- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 2.</td>
</tr>
<tr>
<td><strong>Workers’ Compensation Cave-out Supplement</strong></td>
</tr>
<tr>
<td>- Schedule F General Instructions</td>
</tr>
<tr>
<td>- Modify instructions to include section on numbers for Reciprocal Jurisdiction Companies.</td>
</tr>
<tr>
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<tr>
<td>- Add Reciprocal Jurisdiction to the instruction for determining status.</td>
</tr>
<tr>
<td>- Reference in certified reinsurer number paragraph.</td>
</tr>
</tbody>
</table>
Schedule F, Part 1
- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 1.

Schedule F, Part 2
- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 1.

Supplemental term and Universal Life Insurance Reinsurance Exhibit

Part 1
- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 2.

Part 2A
- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 3.

Part 2B
- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 3.

Trusteed Surplus Statement
- Add instructions for Line 4.4 Reciprocal Jurisdiction Companies

Property

Schedule F General Instructions
- Modify instructions to include section on numbers for Reciprocal Jurisdiction Companies.
- Modify note on applying Reciprocal Jurisdiction.
- Add Reciprocal Jurisdiction to the instruction for determining status.
- Reference in certified reinsurer number paragraph.

Schedule F, Part 1
- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 1.

Schedule F, Part 2
- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 1.

Schedule F, Part 3
- Add category lines for Reciprocal Jurisdiction Companies.
- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 1.
- Modify category lines references for the list of lines for Reciprocal Jurisdiction Companies for Columns 28 through 36.
- Modify category lines references for the list of lines for Reciprocal Jurisdiction Companies for Columns 71 and 72.
- Modify category lines references for the list of lines for Reciprocal Jurisdiction Companies for Columns 73 and 74.

Supplemental Schedule for Reinsurance Counterparty Reporting Acceptations – Asbestos and Pollution Contracts
- Add category lines for Reciprocal Jurisdiction Companies.
- Add Reciprocal Jurisdiction to list of type of reinsurers for Columns 1 and 5.

Notes to Financial Statement 23F(1)f
- Add section to illustration for Reciprocal Jurisdiction Companies

Trusteed Surplus Statement
- Add instructions for Line 7.4 Reciprocal Jurisdiction Companies
Title

Schedule F General Instructions
- Modify instructions to include section on numbers for Reciprocal Jurisdiction Companies.
- Modify note on applying Reciprocal Jurisdiction.
- Add Reciprocal Jurisdiction to the instruction for determining status.
- Reference in certified reinsurer number paragraph.

Schedule F, Part 1
- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 1.

Schedule F, Part 2
- Add category lines for Reciprocal Jurisdiction Companies.
- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 1.

Schedule F, Part 3
- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 1.

Schedule F, Part 4
- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 1.

Operations and Investments Exhibit – Part 2B
- For Line 2 remove the references to authorized, unauthorized and certified. Line is for all types of reinsurers as specifying is not needed.

Notes to Financial Statement 23F(1)f
- Add section to illustration for Reciprocal Jurisdiction Companies

Life/Fraternal, Health, Property, Title

Schedule Y, Part 1A
- Add Reciprocal Jurisdiction to the list of ID numbers provided in Column 4

Schedule Y, Part 2
- Add Reciprocal Jurisdiction to the list of ID numbers provided in Column 2

Schedule D, Part 6, Section 1
- Add Reciprocal Jurisdiction to the list of ID numbers provided in Column 5

Quarterly Statement Instructions

Life/Fraternal and Health

Trusted Surplus Statement
- Add instructions for Line 4.4 Reciprocal Jurisdiction Companies

Property

Trusted Surplus Statement
- Add instructions for Line 7.4 Reciprocal Jurisdiction Companies
Life/Fraternal and Health

Schedule S
- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 7.
- Modify instructions to include section on numbers for Reciprocal Jurisdiction Companies

Property and Title

Schedule F
- Add Reciprocal Jurisdiction to list of type of reinsurers for Column 5.
- Modify instructions to include section on numbers for Reciprocal Jurisdiction Companies.

Life/Fraternal, Health, Property, Title

Schedule Y, Part 1A
- Add Reciprocal Jurisdiction to the list of ID numbers provided in Column 4.

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Annual Statement Blank

Property

Schedule F, Part 3
- Add the word Reciprocal Jurisdiction to the column descriptions for Columns 73, 74, and 75.

Title

Operations and Investments Exhibit – Part 2B
- For Line 2 remove the references to authorized, unauthorized and certified. Line is for all types of reinsurers so specifying is not needed.

Life/Fraternal and Property

Trusteed Surplus Statement
- Add Line 7.4 for Reciprocal Jurisdiction Companies

---

Quarterly Statement Blank

Life/Fraternal and Property

Trusteed Surplus Statement
- Add Line 7.4 for Reciprocal Jurisdiction Companies
These parts (except Part 1, which shows reinsurance assumed) provide an analysis by reinsurance carrier of reinsurance ceded data shown in total in various parts of the statement. Information is included on all reinsurance ceded to other entities authorized as well as unauthorized or certified in the state of domicile of the reporting entity. Additional data for unauthorized companies is displayed in Part 4; additional data for certified reinsurers is displayed in Part 5.

NOTE: Certified reinsurer status applies on a prospective basis and is determined by the state of domicile of the ceding insurer. Reciprocal Jurisdiction reinsurer status applies on a prospective basis and is for reinsurance agreements entered into, amended, or renewed on or after the effective date of the domiciliary state of the ceding entity enacting the 2019 revisions to the Credit for Reinsurance Models, and only with respect to losses incurred and reserves reported on or after the later of (i) the date on which the assuming insurer has met all eligibility requirements, and (ii) the effective date of the new reinsurance agreement, amendment, or renewal. As such, it is possible that a ceding insurer will report reinsurance balances applicable to a single assuming insurer under multiple classifications within Schedule S. For example, with respect to a certified reinsurer that was considered unauthorized prior to certification, balances attributable to contracts entered into prior to the assuming insurer’s certification would be reported in the unauthorized classification, while balances attributable to contracts entered into or renewed on or after the assuming insurer’s certification would be reported in the certified classification. This will also be the case for Reciprocal Jurisdiction reinsurance, which may have been classified as certified reinsurance prior to the enactment of the 2019 revisions to the Credit for Reinsurance Models by the domiciliary state of the ceding entity. Proper classification of such balances is essential to ensure accurate reporting of collateral requirements applicable to specific balances and the corresponding calculation of the liability for unauthorized and/or certified reinsurance.

Effective date as used in this schedule is the date the contract originally went into effect.

Index to Schedule S

Part 1, Section 1 – Reinsurance Assumed Life Insurance, Annuities, Deposit Funds and Other Liabilities Without Life or Disability Contingencies, and Related Benefits
Part 1, Section 2 – Reinsurance Assumed Accident and Health Insurance
Part 2 – Reinsurance Recoverable on Paid and Unpaid Losses
Part 3, Section 1 – Reinsurance Ceded Life Insurance, Annuities, Deposit Funds and Other Liabilities Without Life or Disability Contingencies, and Related Benefits
Part 3, Section 2 – Reinsurance Ceded Accident and Health Insurance
Part 4 – Reinsurance Ceded to Unauthorized Companies
Part 5 – Reinsurance Ceded to Certified Reinsurers
Part 6 – Five-Year Exhibit of Reinsurance Ceded Business
Part 7 – Restatement of Balance Sheet to Identify Net Credit for Ceded Reinsurance

ID Number

Most parts of Schedule S require that the “ID Number” be reported for assuming or ceding entities.

Reinsurance intermediaries should not to be listed, because Schedule S is intended to identify the risk-bearing entities.
A ceding insurer can have unauthorized reinsurance, certified reinsurance and Reciprocal Jurisdiction reinsurance with the same reinsurer, based on when the contract became effective. It is important that the ceding insurer report all types correctly. The same reinsurer may be listed on the same Schedule S by the ceding insurer with an AIIN for unauthorized reinsurance, a CRIN for certified reinsurance, and a RJIN for Reciprocal Jurisdiction reinsurance.

Use of Federal Employer Identification Number

The Federal Employer Identification Number (FEIN) must be reported for each U.S.-domiciled insurer and U.S. branch of an alien insurer. The FEIN should not be reported as the “ID Number” for other alien insurers even if the federal government has issued such a number.

Alien Insurer Identification Number (AIIN)

In order to report transactions involving alien companies correctly, the appropriate Alien Insurer Identification Number (AIIN) must be included on Schedule S instead of the FEIN. The AIIN number is assigned by the NAIC and is listed in the NAIC Listing of Companies. If an alien company does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Pool and Association Numbers

In order to report transactions involving non-risk bearing pools or associations consisting of nonaffiliated companies correctly, the company must include on Schedule S the appropriate Pool/Association Identification Number. These numbers are listed in the NAIC Listing of Companies. The Pool/Association Identification Number should be used instead of any FEIN that may have been assigned. If a pool or association does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Certified Reinsurer Identification Number (CRIN)

In order to report transactions involving certified reinsurers correctly, the appropriate Certified Reinsurer Identification Number (CRIN) must be included on Schedule S instead of the FEIN, AIIN or RJIN. The CRIN is assigned by the NAIC and is listed in the NAIC Listing of Companies. If a certified reinsurer does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)

In order to report transactions involving Reciprocal Jurisdiction reinsurers correctly, the appropriate Reciprocal Jurisdiction Reinsurer Identification Number (RJIN) must be included on Schedule S instead of the FEIN, AIIN or CRIN. The RJIN number is assigned by the NAIC and is listed in the NAIC Listing of Companies. If a company does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company
Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

**NAIC Company Code**

Company codes are assigned by the NAIC and are listed in the NAIC Listing of Companies. The NAIC does not assign a company code to insurers domiciled outside of the U.S. or to non-risk bearing pools or associations. The “NAIC Company Code” field should be zero-filled for those organizations. Non-risk bearing pools or associations are assigned a Pool/Association Identification Number. See the “Pool and Association Numbers” section above for details on assignment of Pool/Association Identification Numbers. Risk-bearing pools or associations are assigned a company code. If a reinsurer or reinsured has merged with another entity, report the company code of the surviving entity.

If a risk-bearing entity (e.g., risk-bearing pools or associations) does not appear in the NAIC Listing of Companies, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned. Newly assigned company codes are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC provides this information to annual statement software vendors for incorporation into the software.

**Determination of Authorized Status**

The determination of the authorized, reciprocal jurisdiction, unauthorized or certified status of an insurer or reinsurer listed in any part of Schedule S shall be based on the status of that insurer or reinsurer in the reporting entity’s state of domicile.
SCHEDULE S – PART 1 – SECTION 1
REINSURANCE ASSUMED LIFE INSURANCE, ANNUITIES, DEPOSIT FUNDS AND OTHER LIABILITIES WITHOUT LIFE OR DISABILITY CONTINGENCIES, AND RELATED BENEFITS LISTED BY REINSURED COMPANY AS OF DECEMBER 31, CURRENT YEAR

This section should include data on all reinsurance assumed for life insurance, annuities, deposit fund and other liabilities without life or disability contingencies, and related benefits by reinsured company as of December 31, current year.

Column 2 – ID Number
Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

| Federal Employer Identification Number       | (FEIN) |
| Alien Insurer Identification Number          | (AIIN) |
| Reciprocal Jurisdiction Reinsurer Identification Number | (RJIN) |
| Certified Reinsurer Identification Number    | (CRIN) |
| Pool/Association Identification Number        |       |

SCHEDULE S – PART 1 – SECTION 2
REINSURANCE ASSUMED ACCIDENT AND HEALTH INSURANCE LISTED BY REINSURED COMPANY AS OF DECEMBER 31, CURRENT YEAR

If a reporting entity has any detail lines reported for any of the following required groups, categories, or subcategories it shall report the subtotal amount of the corresponding group, category, or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number:

Column 2 – ID Number
Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

| Federal Employer Identification Number       | (FEIN) |
| Alien Insurer Identification Number          | (AIIN) |
| Reciprocal Jurisdiction Reinsurer Identification Number | (RJIN) |
| Certified Reinsurer Identification Number    | (CRIN) |
| Pool/Association Identification Number        |       |
SCHEDULE S – PART 2

REINSURANCE RECOVERABLE ON PAID AND UNPAID LOSSES LISTED BY REINSURING COMPANY
AS OF DECEMBER 31, CURRENT YEAR

If a reporting entity has any detail lines reported for any of the following required groups, categories, or subcategories, it shall report the subtotal amount of the corresponding group, category, or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number:

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
- Certified Reinsurer Identification Number (CRIN)
- Pool/Association Identification Number
SCHEDULE S – PART 3 – SECTION 1

REINSURANCE CEDED LIFE INSURANCE, ANNUITIES, DEPOSIT FUNDS AND OTHER LIABILITIES
WITHOUT LIFE OR DISABILITY CONTINGENCIES, AND RELATED BENEFITS LISTED BY REINSURING
COMPANY AS OF DECEMBER 31, CURRENT YEAR

NOTE: This schedule is to include Exhibit 7 cessions. Include actual reinsurance ceded on group cases but exclude jointly underwritten group contracts.

If a reporting entity has any detail lines reported for any of the following required groups, categories, or subcategories, it shall report the subtotal amount of the corresponding group, category, or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number:

<table>
<thead>
<tr>
<th>Group or Category</th>
<th>Line Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Account</td>
<td></td>
</tr>
<tr>
<td>Authorized Affiliates</td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td></td>
</tr>
<tr>
<td>Captive</td>
<td>0199999</td>
</tr>
<tr>
<td>Other</td>
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<tr>
<td>Total</td>
<td>0399999</td>
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<td>Non-U.S.</td>
<td></td>
</tr>
<tr>
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<td>0499999</td>
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<tr>
<td>Other</td>
<td>0599999</td>
</tr>
<tr>
<td>Total</td>
<td>0699999</td>
</tr>
<tr>
<td>Total Authorized Affiliates</td>
<td>0799999</td>
</tr>
<tr>
<td>Non-Affiliates</td>
<td></td>
</tr>
<tr>
<td>U.S. Non-Affiliates</td>
<td>0899999</td>
</tr>
<tr>
<td>Non-U.S. Non-Affiliates</td>
<td>0999999</td>
</tr>
<tr>
<td>Total Authorized Non-Affiliates</td>
<td>1099999</td>
</tr>
<tr>
<td>Total General Account Authorized</td>
<td>1199999</td>
</tr>
<tr>
<td>Unauthorized Affiliates</td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
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<td>Other</td>
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<td>Other</td>
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<tr>
<td>Total</td>
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<tr>
<td>Total Unauthorized Affiliates</td>
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<tr>
<td>Non-Affiliates</td>
<td></td>
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<tr>
<td>U.S. Non-Affiliates</td>
<td>1999999</td>
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<tr>
<td>Non-U.S. Non-Affiliates</td>
<td>2099999</td>
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<tr>
<td>Total Unauthorized Non-Affiliates</td>
<td>2199999</td>
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<td>Total General Account Unauthorized</td>
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Certified Affiliates

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</thead>
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<tr>
<td>Other</td>
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<tr>
<td>Total</td>
<td>2599999</td>
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<tr>
<td>Non-U.S.</td>
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<td>Captive</td>
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<tr>
<td>Other</td>
<td>2799999</td>
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<td>Total</td>
<td>2899999</td>
</tr>
<tr>
<td>Total Certified Affiliates</td>
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</table>

Non-Affiliates

<table>
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<th>U.S. Non-Affiliates</th>
<th>Total</th>
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Reciprocal Jurisdiction Affiliates

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Non-Affiliates

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<th>Total</th>
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</thead>
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<td>Total General Account Reciprocal Jurisdiction</td>
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<td>Total General Account Authorized, Reciprocal Jurisdiction, Unauthorized and Certified</td>
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Separate Accounts Authorized Affiliates

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<td>Other</td>
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<td>Total</td>
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<td>Total Authorized Affiliates</td>
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Non-Affiliates

<table>
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<tbody>
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<tr>
<td>Category</td>
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</tr>
<tr>
<td>-----------------------------------------</td>
<td>-------------------------------------------</td>
</tr>
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<td>Unauthorized Affiliates</td>
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<tr>
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<tr>
<td>Total Unauthorized Affiliates</td>
<td>52999996399999</td>
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<td>Non-Affiliates</td>
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<tr>
<td>Total Separate Accounts Certified</td>
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<tr>
<td>Reciprocal Jurisdiction Affiliates</td>
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<tr>
<td>Total Reciprocal Jurisdiction Affiliates</td>
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<td>Non-Affiliates</td>
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<td>U.S. Non-Affiliates</td>
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<td>Non-U.S. Non-Affiliates</td>
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<tr>
<td>Total Reciprocal Jurisdiction Non-Affiliates</td>
<td></td>
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</tbody>
</table>
Total Separate Accounts Authorized, Reciprocal Jurisdiction, Unauthorized and Certified ............ 68999999099999
Total U.S. (Sum of 0399999, 0899999, 1499999, 1999999, 2599999, 3099999, 3799999, 4299999, 4899999, 5399999, 5999999, 6499999, 7099999, 7599999, 8199999 and 64999998699999) .............................................................................................................................  69999999199999
Total Non-U.S. (Sum of 0699999, 0999999, 1799999, 2099999, 2899999, 3199999, 4099999, 4399999, 5199999, 5499999, 6299999, 6599999, 7399999, 7699999, 8499999 and 65999998799999) .............................................................................................................................  70999999299999
Total (Sum of 3499999 and 6899999).........................................................................................................................  9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

<table>
<thead>
<tr>
<th>Identification Number</th>
<th>(FEIN)</th>
<th>(AIIN)</th>
<th>(RJIN)</th>
<th>(CRIN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Employer Identification Number</td>
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<td></td>
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<td>Alien Insurer Identification Number</td>
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<td></td>
</tr>
<tr>
<td>Reciprocal Jurisdiction Reinsurer Identification Number</td>
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<td>Certified Reinsurer Identification Number</td>
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<tr>
<td>Pool/Association Identification Number</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Detail Eliminated to Conserve Space

SCHEDULE S – PART 3 – SECTION 2

REINSURANCE CEDED ACCIDENT AND HEALTH INSURANCE LISTED BY REINSURING COMPANY
AS OF DECEMBER 31, CURRENT YEAR

Include actual reinsurance ceded on group cases but exclude jointly underwritten group contracts.

If a reporting entity has any detail lines reported for any of the following required groups, categories, or subcategories it shall report the subtotal amount of the corresponding group, category, or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number:

<p>| Group or Category |
|-------------------|----------------|
| Authorized Affiliates |
| U.S. |
| Captive |
| Other |
| Total |
| Non-U.S. |
| Captive |
| Other |
| Total |
| Total Authorized Affiliates | 0199999 |
| 0299999 |
| 0399999 |
| 0499999 |
| 0599999 |
| 0699999 |
| 0799999 |</p>
<table>
<thead>
<tr>
<th>Category</th>
<th>U.S. Non-Affiliates</th>
<th>Non-U.S. Non-Affiliates</th>
<th>Total Authorized Non-Affiliates</th>
<th>Total General Account Authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Affiliates</td>
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<td></td>
<td>0899999</td>
<td>1199999</td>
</tr>
<tr>
<td>Unauthorized Affiliates</td>
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<td></td>
</tr>
<tr>
<td>U.S.</td>
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<td></td>
<td></td>
</tr>
<tr>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Certified Affiliates</td>
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</tr>
<tr>
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<td>Total</td>
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<tr>
<td>Non-U.S.</td>
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<tr>
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<td>Total General Account Certified</td>
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</tr>
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<td>Other</td>
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<td><strong>5999999</strong></td>
<td></td>
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<tr>
<td><strong>U.S. Non-Affiliates</strong></td>
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</tr>
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<td><strong>Total Reciprocal Jurisdiction Non-Affiliates</strong></td>
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<td>6299999</td>
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</tr>
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<td>5599999</td>
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<tr>
<td>---------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Employer Identification Number (FEIN)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alien Insurer Identification Number (AIIN)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certified Reinsurer Identification Number (CRIN)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pool/Association Identification Number</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**SCHEDULE S – PART 4**

**REINSURANCE CEDED TO UNAUTHORIZED COMPANIES**

Contains data on life and accident and health insurance in force that is reinsured with companies not authorized in the state of domicile of the reporting insurance company. The purpose of this schedule is to display reinsurance ceded data used in the development of the liability for reinsurance in unauthorized companies. This liability serves to offset those assets and liability reductions that reflect the result of reinsurance ceded with unauthorized companies.

<table>
<thead>
<tr>
<th>Column 2 – ID Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Employer Identification Number (FEIN)</td>
</tr>
<tr>
<td>Alien Insurer Identification Number (AIIN)</td>
</tr>
<tr>
<td>Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)</td>
</tr>
<tr>
<td>Certified Reinsurer Identification Number (CRIN)</td>
</tr>
<tr>
<td>Pool/Association Identification Number</td>
</tr>
</tbody>
</table>

**SCHEDULE S – PART 5**

**REINSURANCE CEDED TO CERTIFIED REINSURERS**

NOTE: This schedule is to be completed by those reporting entities whose domiciliary state has enacted the *Credit for Reinsurance Model Law* (#785) and/or *Credit for Reinsurance Model Regulation* (#786) with the defined certified reinsurer provisions.

<table>
<thead>
<tr>
<th>Column 2 – ID Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Employer Identification Number (FEIN)</td>
</tr>
<tr>
<td>Alien Insurer Identification Number (AIIN)</td>
</tr>
<tr>
<td>Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)</td>
</tr>
<tr>
<td>Certified Reinsurer Identification Number (CRIN)</td>
</tr>
<tr>
<td>Pool/Association Identification Number</td>
</tr>
</tbody>
</table>
ANNUAL STATEMENT INSTRUCTIONS – PROPERTY

SCHEDULE F – REINSURANCE

Index to Schedule F

Part 1 – Assumed Reinsurance
Part 2 – Portfolio Reinsurance
Part 3 – Ceded Reinsurance
Part 4 – Issuing or Confirming Banks for Letters of Credit from Schedule F, Part 3
Part 5 – Interrogatories for Schedule F, Part 3
Part 6 – Restatement of Balance Sheet to Identify Net Credit for Ceded Reinsurance

NOTE: Certified reinsurer status applies on a prospective basis and is determined by the state of domicile of the ceding insurer. Reciprocal Jurisdiction reinsurer status applies on a prospective basis and is for reinsurance agreements entered into, amended, or renewed on or after the effective date of the domiciliary state of the ceding entity enacting the 2019 revisions to the Credit for Reinsurance Models, and only with respect to losses incurred and reserves reported on or after the later of (i) the date on which the assuming insurer has met all eligibility requirements, and (ii) the effective date of the new reinsurance agreement, amendment, or renewal. As such, it is possible that a ceding insurer will report reinsurance balances applicable to a single assuming insurer under multiple classifications within Schedule F. For example, with respect to a certified reinsurer that was considered unauthorized prior to certification, balances attributable to contracts entered into prior to the assuming insurer’s certification would be reported in the unauthorized classification, while balances attributable to contracts entered into or renewed on or after the assuming insurer’s certification would be reported in the certified classification. This will also be the case for Reciprocal Jurisdiction reinsurance, which may have been classified as certified reinsurance prior to the enactment of the 2019 revisions to the Credit for Reinsurance Models by the domiciliary state of the ceding entity. Proper classification of such balances is essential to ensure accurate reporting of collateral requirements applicable to specific balances and the corresponding calculation of the liability for unauthorized and/or certified reinsurance.

Due Date

All parts of Schedule F are to be filed with the annual statement.

Please note that Parts 1, 3, 4 and 5 of this schedule are reported with thousands omitted. Parts 2 and 6 are reported in whole dollars.

ID Number

Most parts of Schedule F require that the “ID Number” be reported for assuming or ceding entities.

Reinsurance intermediaries should not be listed, because Schedule F is intended to identify only risk-bearing entities.

A ceding insurer can have unauthorized reinsurance, certified reinsurance and Reciprocal Jurisdiction reinsurance with the same reinsurer, based on when the contract became effective. It is important that the ceding insurer report all types correctly. The same reinsurer may be listed on the same Schedule F by the ceding insurer with an AIIN for unauthorized reinsurance, a CRIN for certified reinsurance, and a RJIN for Reciprocal Jurisdiction reinsurance.
Use of Federal Employer Identification Number

The Federal Employer Identification Number (FEIN) must be reported for each U.S.-domiciled insurer and U.S. branch of an alien insurer. The FEIN should not be reported as the “ID Number” for other alien insurers, even if the federal government has issued such a number.

Alien Insurer Identification Number (AIIN)

In order to report transactions involving alien companies correctly, the appropriate Alien Insurer Identification Number (AIIN) must be included on Schedule F instead of the FEIN. The AIIN number is assigned by the NAIC and is listed in the NAIC Listing of Companies. If an alien company does not appear in that publication, contact with the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Pool and Association Numbers

In order to report transactions involving non-risk bearing pools or associations consisting of non-affiliated companies correctly, the company must include on Schedule F the appropriate Pool/Association Identification Number. These numbers are listed in the NAIC Listing of Companies. The Pool/Association Identification Number should be used instead of any FEIN that may have been assigned. If a pool or association does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Alien pools and associations should be reported on Schedule F under the category “Other Non-U.S. Insurers” rather than under “Pools, Associations and Similar Facilities.” Pools and associations consisting of affiliated companies should be listed by individual company names rather than by pool or association identification.

Certified Reinsurer Identification Number (CRIN)

In order to report transactions involving certified reinsurers correctly, the appropriate Certified Reinsurer Identification Number (CRIN) must be included on Schedule F instead of the FEIN, or Alien Insurer Identification Number (AIIN) or Reciprocal Jurisdiction Reinsurer Identification Number (RJIN). The CRIN is assigned by the NAIC and is listed in the NAIC Listing of Companies. If a certified reinsurer does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.
Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)

In order to report transactions involving alien companies correctly, the appropriate Reciprocal Jurisdiction Reinsurer Identification Number (RJIN) must be included on Schedule F instead of the FEIN, Alien Insurer Identification Number (AIIN) or Certified Reinsurer Identification Number (CRIN). The RJIN number is assigned by the NAIC and is listed in the NAIC Listing of Companies. If an alien company does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

NAIC Company Code

Company codes are assigned by the NAIC and are listed in the NAIC Listing of Companies. The NAIC does not assign a company code to insurers domiciled outside of the U.S. or to non-risk bearing pools or associations. The “NAIC Company Code” field should be zero-filled for those organizations. Non-risk bearing pools or associations are assigned a Pool/Association Identification Number. See the “Pool and Association Numbers” section above for details on assignment of Pool/Association Identification Numbers. Risk-bearing pools or associations are assigned a company code. If a reinsurer or reinsured has merged with another entity, report the company code of the surviving entity.

If a risk-bearing entity (e.g., risk-bearing pools or associations) does not appear in the NAIC Listing of Companies, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned. Newly assigned company codes are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC provides this information to annual statement software vendors for incorporation into the software.

Determination of Authorized Status

The determination of the authorized, reciprocal jurisdiction, unauthorized or certified status of an insurer or reinsurer listed in any part of Schedule F shall be based on the status of that insurer or reinsurer in the reporting entity’s state of domicile.
SCHEDULE F – PART 1

ASSUMED REINSURANCE
AS OF DECEMBER 31, CURRENT YEAR

If a reporting entity has any detail lines reported for any of the following required groups, categories, or subcategories, it shall report the subtotal of the corresponding group, category, or subcategory, with the specified subtotal line appearing in the same manner and location as the pre-printed total or grand total line and number:

Column 1 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
- Certified Reinsurer Identification Number (CRIN)
- Pool/Association Identification Number

SCHEDULE F – PART 2

PREMIUM PORTFOLIO REINSURANCE EFFECTED OR (CANCELED)
DURING CURRENT YEAR

This schedule should list by portfolio any original premiums and reinsurance premiums for portfolio reinsurance transactions affected or canceled during the year. Portfolio reinsurance is the transfer of the entire liability of a reporting entity for in force policies as respects a described segment of the reporting entity’s business.

Column 1 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
- Certified Reinsurer Identification Number (CRIN)
- Pool/Association Identification Number
SCHEDULE F – PART 3
CEDED REINSURANCE
AS OF DECEMBER 31, CURRENT YEAR

If a reporting entity has amounts reported for any of the following required groups, categories, or subcategories, it shall report the subtotal amount of the corresponding group, category, or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

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<th>Group or Category</th>
<th>Line Number</th>
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<tbody>
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<td><strong>Total Authorized</strong></td>
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<tr>
<td>Affiliates</td>
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</tr>
<tr>
<td>U.S. Intercompany Pooling</td>
<td>0199999</td>
</tr>
<tr>
<td>U.S. Non-Pool Captive</td>
<td>0299999</td>
</tr>
<tr>
<td>U.S. Non-Pool Other</td>
<td>0399999</td>
</tr>
<tr>
<td>U.S. Non-Pool Total</td>
<td>0499999</td>
</tr>
<tr>
<td>Other (Non-U.S.) Captive</td>
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<tr>
<td>Other (Non-U.S.) Other</td>
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<td>Other (Non-U.S.) Total</td>
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<tr>
<td>Total Authorized – Affiliates</td>
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<tr>
<td>Other U.S. Unaffiliated Insurers</td>
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<tr>
<td>Pools</td>
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</tr>
<tr>
<td>Mandatory Pools@</td>
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<tr>
<td>Voluntary Pools%</td>
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<tr>
<td>Other Non-U.S. Insurers#</td>
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<tr>
<td>Protected Cells</td>
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</tr>
<tr>
<td>Total Authorized Excluding Protected Cells (Sum of 0999999, 1099999, 1199999 and 1299999)</td>
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</tr>
<tr>
<td><strong>Total Unauthorized</strong></td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td></td>
</tr>
<tr>
<td>U.S. Intercompany Pooling</td>
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</tr>
<tr>
<td>U.S. Non-Pool Captive</td>
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<tr>
<td>U.S. Non-Pool Other</td>
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<td>U.S. Non-Pool Total</td>
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<td>Other (Non-U.S.) Captive</td>
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<tr>
<td>Other (Non-U.S.) Other</td>
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<tr>
<td>Other (Non-U.S.) Total</td>
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<tr>
<td>Total Unauthorized – Affiliates</td>
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<tr>
<td>Other U.S. Unaffiliated Insurers</td>
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</tr>
<tr>
<td>Pools</td>
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<td>Mandatory Pools@</td>
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<tr>
<td>Voluntary Pools%</td>
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<tr>
<td>Other Non-U.S. Insurers#</td>
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<tr>
<td>Protected Cells</td>
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</tr>
<tr>
<td>Total Unauthorized Excluding Protected Cells (Sum of 2399999, 2499999, 2599999 and 2699999)</td>
<td>2899999</td>
</tr>
</tbody>
</table>
## Reinsurance (E) Task Force

### Attachment Ten

**Total Certified Affiliates**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Intercompany Pooling</td>
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<tr>
<td>U.S. Non-Pool</td>
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</tr>
<tr>
<td>Captive</td>
<td>3099999</td>
</tr>
<tr>
<td>Other</td>
<td>3199999</td>
</tr>
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<td>Total</td>
<td>3299999</td>
</tr>
<tr>
<td>Other (Non-U.S.)</td>
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</tr>
<tr>
<td>Captive</td>
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</tr>
<tr>
<td>Other</td>
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<tr>
<td>Total</td>
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</tr>
<tr>
<td>Total Certified – Affiliates</td>
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</tr>
</tbody>
</table>

**Other U.S. Unaffiliated Insurers**

<table>
<thead>
<tr>
<th>Number</th>
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</thead>
<tbody>
<tr>
<td>3799999</td>
</tr>
</tbody>
</table>

**Pools**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory Pools*@</td>
<td>3899999</td>
</tr>
<tr>
<td>Voluntary Pools*%</td>
<td>3999999</td>
</tr>
<tr>
<td>Other Non-U.S. Insurers#</td>
<td>4099999</td>
</tr>
<tr>
<td>Protected Cells</td>
<td>4199999</td>
</tr>
<tr>
<td>Total Certified Excluding Protected Cells (Sum of 3699999, 3799999, 3899999, 3999999 and 4099999)</td>
<td>4299999</td>
</tr>
</tbody>
</table>

**Total Reciprocal Jurisdiction**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Intercompany Pooling</td>
<td>4399999</td>
</tr>
<tr>
<td>U.S. Non-Pool</td>
<td></td>
</tr>
<tr>
<td>Captive</td>
<td>4499999</td>
</tr>
<tr>
<td>Other</td>
<td>4599999</td>
</tr>
<tr>
<td>Total</td>
<td>4699999</td>
</tr>
<tr>
<td>Other (Non-U.S.)</td>
<td></td>
</tr>
<tr>
<td>Captive</td>
<td>4799999</td>
</tr>
<tr>
<td>Other</td>
<td>4899999</td>
</tr>
<tr>
<td>Total</td>
<td>4999999</td>
</tr>
<tr>
<td>Total Reciprocal Jurisdiction – Affiliates</td>
<td>5099999</td>
</tr>
</tbody>
</table>

**Other U.S. Unaffiliated Insurers**

<table>
<thead>
<tr>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>5199999</td>
</tr>
</tbody>
</table>

**Pools**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory Pools*@</td>
<td>5299999</td>
</tr>
<tr>
<td>Voluntary Pools*%</td>
<td>5399999</td>
</tr>
<tr>
<td>Other Non-U.S. Insurers#</td>
<td>5499999</td>
</tr>
<tr>
<td>Protected Cells</td>
<td>5599999</td>
</tr>
<tr>
<td>Total Reciprocal Jurisdiction Excluding Protected Cells (Sum of 5099999, 5199999, 5299999, 5399999 and 5499999)</td>
<td>5699999</td>
</tr>
</tbody>
</table>

**Total Authorized Reciprocal Jurisdiction, Unauthorized and Certified Excluding Protected Cells (Sum of 1499999, 2899999, 4299999 and 4299999569999)**

<table>
<thead>
<tr>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>4399999</td>
</tr>
</tbody>
</table>

**Total Protected Cells (Sum of 1399999, 2799999, 4199999 and 4499999589999)**

<table>
<thead>
<tr>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>4499999</td>
</tr>
</tbody>
</table>

**Totals (Sum of 43999995799999 and 4499999589999)**

<table>
<thead>
<tr>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>9999999</td>
</tr>
</tbody>
</table>

---

* – Pools and Associations consisting of affiliated companies should be listed by individual company names.

@ – Include in Mandatory Pools all U.S. Government programs (e.g., National Flood Insurance, National Crop Insurance Corporation), all state residual market mechanisms, the Workers Compensation Reinsurance Pool, and the National Council on Compensation Insurance.

% – Include in Voluntary Pools all pool participation that is voluntary on the part of the reporting entity. Include participation in any state program for which participation is not mandatory.

# – Alien Pools and Associations should be reported on Schedule F under the category “Other Non-U.S. Insurers.”
Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
- Certified Reinsurer Identification Number (CRIN)
- Pool/Association Identification Number

---

**Ceded Reinsurance Credit Risk – Columns 28 Through 36**

**Only complete columns 28 through 36 for the following required groups, categories or subcategories (Line Numbers); otherwise leave blank.**

<table>
<thead>
<tr>
<th>Group or Category</th>
<th>Line Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Authorized</td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td></td>
</tr>
<tr>
<td>Other (Non-U.S.)</td>
<td></td>
</tr>
<tr>
<td>Captive</td>
<td>0599999</td>
</tr>
<tr>
<td>Total</td>
<td>0799999</td>
</tr>
<tr>
<td>Total Authorized – Affiliates</td>
<td>0899999</td>
</tr>
<tr>
<td>Other U.S. Unaffiliated Insurers</td>
<td>0999999</td>
</tr>
<tr>
<td>Pools</td>
<td></td>
</tr>
<tr>
<td>Voluntary Pools*%</td>
<td>1199999</td>
</tr>
<tr>
<td>Other Non-U.S. Insurers#</td>
<td>1299999</td>
</tr>
<tr>
<td>Total Authorized Excluding Protected Cells (Sum of 0899999, 0999999, 1099999, 1199999 and 1299999)</td>
<td>1499999</td>
</tr>
<tr>
<td>Total Unauthorized</td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td></td>
</tr>
<tr>
<td>Other (Non-U.S.)</td>
<td></td>
</tr>
<tr>
<td>Captive</td>
<td>1999999</td>
</tr>
<tr>
<td>Other</td>
<td>2099999</td>
</tr>
<tr>
<td>Total</td>
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</tr>
<tr>
<td>Total Unauthorized – Affiliates</td>
<td>2299999</td>
</tr>
<tr>
<td>Other U.S. Unaffiliated Insurers</td>
<td>2399999</td>
</tr>
<tr>
<td>Pools</td>
<td></td>
</tr>
<tr>
<td>Voluntary Pools*%</td>
<td>2599999</td>
</tr>
<tr>
<td>Other Non-U.S. Insurers#</td>
<td>2699999</td>
</tr>
<tr>
<td>Total Unauthorized Excluding Protected Cells (Sum of 2299999, 2399999, 2499999, 2599999 and 2699999)</td>
<td>2899999</td>
</tr>
</tbody>
</table>
### Total Certified

<table>
<thead>
<tr>
<th>Affiliates</th>
<th>Other (Non-U.S.)</th>
<th>Captive</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Captive</td>
<td></td>
<td>Other</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
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<tr>
<td></td>
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</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
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<td>3599999</td>
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Total Certified – Affiliates: 3599999

<table>
<thead>
<tr>
<th>Other U.S. Unaffiliated Insurers</th>
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</table>

<table>
<thead>
<tr>
<th>Pools</th>
<th>Voluntary Pools*%</th>
<th>3999999</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Other Non-U.S. Insurers#</th>
<th>4099999</th>
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</thead>
</table>

Total Certified Excluding Protected Cells (Sum of 3699999, 3799999, 3899999, 3999999 and 4099999): 4299999

### Total Reciprocal Jurisdiction

<table>
<thead>
<tr>
<th>Affiliates</th>
<th>Other (Non-U.S.)</th>
<th>Captive</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Captive</td>
<td></td>
<td>Other</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4799999</td>
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<tr>
<td></td>
<td>Other</td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td>4999999</td>
</tr>
</tbody>
</table>

Total Reciprocal Jurisdiction – Affiliates: 4999999

<table>
<thead>
<tr>
<th>Other U.S. Unaffiliated Insurers</th>
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</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Pools</th>
<th>Voluntary Pools*%</th>
<th>5399999</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Other Non-U.S. Insurers#</th>
<th>5499999</th>
</tr>
</thead>
</table>

Total Reciprocal Jurisdiction Excluding Protected Cells (Sum of 5099999, 5199999, 5299999, 5399999 and 5499999): 5699999

Total Authorized, Reciprocal Jurisdiction, Unauthorized and Certified Excluding Protected Cells (Sum of 1499999, 2899999, 4299999 and 4399999): 4399999

Total Authorized, Reciprocal Jurisdiction, Unauthorized and Certified Excluding Protected Cells (Sum of 1499999, 2899999, 4299999 and 4399999): 4399999

### Provision for Certified Reinsurance – Columns 54 Through 69

**NOTE:** Columns 54 through 69 are to be completed by those reporting entities whose domiciliary state has enacted the Credit for Reinsurance Model Law (#785) and/or Credit for Reinsurance Model Regulation (#786) with the defined certified reinsurer provisions.

Only complete columns 54 through 69 for the following required groups, categories, or subcategories (Line Numbers); otherwise leave blank.

<table>
<thead>
<tr>
<th>Group or Category</th>
<th>Line Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Certified</td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td></td>
</tr>
<tr>
<td>U.S. Intercompany Pooling</td>
<td>2999999</td>
</tr>
<tr>
<td>U.S. Non-Pool Captive</td>
<td>3099999</td>
</tr>
<tr>
<td>U.S. Non-Pool Other</td>
<td>3199999</td>
</tr>
<tr>
<td>Total</td>
<td>3299999</td>
</tr>
</tbody>
</table>

Detail Eliminated to Conserve Space
Other (Non-U.S.)
  Captive........................................................................................................................................ 3399999
  Other......................................................................................................................................... 3499999
  Total........................................................................................................................................ 3599999
Total Certified – Affiliates .............................................................................................................. 3699999
Other U.S. Unaffiliated Insurers .................................................................................................................... 3799999

Pools
  Mandatory Pools*@ ........................................................................................................................ 3899999
  Voluntary Pools*% ......................................................................................................................... 3999999
  Other Non-U.S. Insurers# ................................................................................................................... 4099999
  Protected Cells............................................................................................................................. 4199999
  Total Certified Excluding Protected Cells (Sum of 3699999, 3799999, 3899999, 3999999 and 4099999) ......................................................................................................................................... 4299999
Total Authorized, Reciprocal Jurisdiction, Unauthorized and Certified Excluding Protected Cells (Sum of 4399999, 5799999, 4499999, 5599999) ....................................................................... 4599999
Total Protected Cells (Sum of 1399999, 2799999, 4199999 and 5599999) ..................................... 4699999
Totals (Sum of 4399999, 5799999 and 4499999, 5599999) ........................................................................................... 4799999

---

Detail Eliminated to Conserve Space

Provision for Unauthorized Reinsurance – Columns 71 and 72

Only complete columns 71 and 72 for the following required groups, categories or subcategories (Line Numbers); otherwise enter zero.

<table>
<thead>
<tr>
<th>Group or Category</th>
<th>Line Number</th>
</tr>
</thead>
<tbody>
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</tr>
<tr>
<td>Affiliates</td>
<td></td>
</tr>
<tr>
<td>U.S. Intercompany Pooling</td>
<td>1599999</td>
</tr>
<tr>
<td>U.S. Non-Pool</td>
<td></td>
</tr>
<tr>
<td>Captive</td>
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</tr>
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<td>1799999</td>
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<tr>
<td>Total</td>
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</tr>
<tr>
<td>Other (Non-U.S.)</td>
<td></td>
</tr>
<tr>
<td>Captive</td>
<td>1999999</td>
</tr>
<tr>
<td>Other</td>
<td>2099999</td>
</tr>
<tr>
<td>Total</td>
<td>2199999</td>
</tr>
<tr>
<td>Total Unauthorized – Affiliates</td>
<td>2299999</td>
</tr>
<tr>
<td>Other U.S. Unaffiliated Insurers</td>
<td>2399999</td>
</tr>
<tr>
<td>Pools</td>
<td></td>
</tr>
<tr>
<td>Mandatory Pools*@</td>
<td>2499999</td>
</tr>
<tr>
<td>Voluntary Pools*%</td>
<td>2599999</td>
</tr>
<tr>
<td>Other Non-U.S. Insurers#</td>
<td>2699999</td>
</tr>
<tr>
<td>Protected Cells</td>
<td>2799999</td>
</tr>
<tr>
<td>Total Unauthorized Excluding Protected Cells (Sum of 2299999, 2399999, 2499999, 2599999 and 2699999) ......................................................................................................................................... 2899999</td>
<td></td>
</tr>
</tbody>
</table>
Total Authorized, Reciprocal Jurisdiction, Unauthorized and Certified Excluding Protected Cells (Sum of 1499999, 2899999 and 4299999) .......................................................... 4399999
Total Protected Cells (Sum of 1399999, 2799999 and 4199999) ................................................................. 4499999
Totals (Sum of 4399999 and 4499999) ....................................................................................................................... 9999999

Provision for Overdue Authorized and Reciprocal Jurisdiction Reinsurance – Columns 73 and 74

Only complete columns 73 and 74 for the following required groups, categories or subcategories (Line Numbers); otherwise enter zero.

<table>
<thead>
<tr>
<th>Group or Category</th>
<th>Line Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Authorized</td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td></td>
</tr>
<tr>
<td>U.S. Intercompany Pooling</td>
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</tr>
<tr>
<td>U.S. Non-Pool Captive</td>
<td>0299999</td>
</tr>
<tr>
<td>Other</td>
<td>0399999</td>
</tr>
<tr>
<td>Total</td>
<td>0499999</td>
</tr>
<tr>
<td>Other (Non-U.S.) Captive</td>
<td>0599999</td>
</tr>
<tr>
<td>Other</td>
<td>0699999</td>
</tr>
<tr>
<td>Total</td>
<td>0799999</td>
</tr>
<tr>
<td>Total Authorized – Affiliates</td>
<td>0899999</td>
</tr>
<tr>
<td>Other U.S. Unaffiliated Insurers</td>
<td>0999999</td>
</tr>
<tr>
<td>Pools</td>
<td></td>
</tr>
<tr>
<td>Mandatory Pools*@</td>
<td>1099999</td>
</tr>
<tr>
<td>Voluntary Pools*%</td>
<td>1199999</td>
</tr>
<tr>
<td>Other Non-U.S. Insurers#</td>
<td>1299999</td>
</tr>
<tr>
<td>Protected Cells</td>
<td>1399999</td>
</tr>
<tr>
<td>Total Authorized Excluding Protected Cells (Sum of 0899999, 0999999, 1099999, 1199999 and 1299999)</td>
<td>1499999</td>
</tr>
<tr>
<td>Total Reciprocal Jurisdiction</td>
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</tr>
<tr>
<td>Affiliates</td>
<td></td>
</tr>
<tr>
<td>U.S. Intercompany Pooling</td>
<td>4399999</td>
</tr>
<tr>
<td>U.S. Non-Pool Captive</td>
<td>4499999</td>
</tr>
<tr>
<td>Other</td>
<td>4599999</td>
</tr>
<tr>
<td>Total</td>
<td>4699999</td>
</tr>
<tr>
<td>Other (Non-U.S.) Captive</td>
<td>4799999</td>
</tr>
<tr>
<td>Other</td>
<td>4899999</td>
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<tr>
<td>Total</td>
<td>4999999</td>
</tr>
<tr>
<td>Total Reciprocal Jurisdiction – Affiliates</td>
<td>5099999</td>
</tr>
<tr>
<td>Other U.S. Unaffiliated Insurers</td>
<td>5199999</td>
</tr>
<tr>
<td>Pools</td>
<td></td>
</tr>
<tr>
<td>Mandatory Pools*@</td>
<td>5299999</td>
</tr>
<tr>
<td>Voluntary Pools*%</td>
<td>5399999</td>
</tr>
<tr>
<td>Other Non-U.S. Insurers#</td>
<td>5499999</td>
</tr>
<tr>
<td>Protected Cells</td>
<td>5599999</td>
</tr>
</tbody>
</table>
**Total Reciprocal Jurisdiction Excluding Protected Cells (Sum of 5099999, 5199999, 5299999, 5399999 and 5499999)................................................................. 5699999**

**Total Authorized, Reciprocal Jurisdiction, Unauthorized and Certified Excluding Protected Cells (Sum of 1499999, 2899999, 4299999 and 4299999) .............................................................. 43999995799999**

**Total Protected Cells (Sum of 1399999, 2799999, 4199999 and 4199999) ........................................................................................... 44999995899999**

**Totals (Sum of 4399999 5799999 and 44999995899999) ........................................................................................... 9999999**

Columns 73 & 74 – Provisions for Overdue Authorized Reinsurance

Amounts reported in the detail lines cannot be less than 0. If the calculated amounts are less than 0, then enter 0.

Columns 75 through 78 – Total Provisions for Reinsurance

Amounts reported in the detail lines cannot be less than 0. If the calculated amounts are less than 0, then enter 0.

**SUPPLEMENTAL SCHEDULE FOR REINSURANCE COUNTERPARTY REPORTING EXCEPTION – ASBESTOS AND POLLUTION CONTRACTS**

**DETAIL OF ORIGINAL REINSURERS AGGREGATED ON SCHEDULE F AS OF DECEMBER 31, CURRENT YEAR**

<table>
<thead>
<tr>
<th>Group or Category</th>
<th>Line Number</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Authorized</strong> Affiliates</td>
<td></td>
</tr>
<tr>
<td>U.S. Intercompany Pooling</td>
<td>0199999</td>
</tr>
<tr>
<td>U.S. Non-Pool Captive</td>
<td>0299999</td>
</tr>
<tr>
<td>Other</td>
<td>0399999</td>
</tr>
<tr>
<td>Total</td>
<td>0499999</td>
</tr>
<tr>
<td>Other (Non-U.S.) Captive</td>
<td>0599999</td>
</tr>
<tr>
<td>Other</td>
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<tr>
<td>Total</td>
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</tr>
<tr>
<td>Total Authorized – Affiliates</td>
<td>0899999</td>
</tr>
<tr>
<td>Other U.S. Unaffiliated Insurers</td>
<td>0999999</td>
</tr>
<tr>
<td>Pools</td>
<td></td>
</tr>
<tr>
<td>Mandatory Pools* @</td>
<td>1099999</td>
</tr>
<tr>
<td>Voluntary Pools*%</td>
<td>1199999</td>
</tr>
<tr>
<td>Other Non-U.S. Insurers#</td>
<td>1299999</td>
</tr>
<tr>
<td>Protected Cells</td>
<td>1399999</td>
</tr>
</tbody>
</table>
## Total Authorized Excluding Protected Cells (Sum of 0899999, 0999999, 1099999, 1199999 and 1299999)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Authorized Excluding Protected Cells</td>
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</tbody>
</table>

## Total Unauthorized Affiliates

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>U.S. Intercompany Pooling</td>
<td>1599999</td>
</tr>
<tr>
<td>U.S. Non-Pool</td>
<td>1899999</td>
</tr>
<tr>
<td>Other</td>
<td>2199999</td>
</tr>
<tr>
<td>Total</td>
<td>2299999</td>
</tr>
</tbody>
</table>

## Other (Non-U.S.)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Captive</td>
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<tr>
<td>Other</td>
<td>2099999</td>
</tr>
<tr>
<td>Total</td>
<td>2199999</td>
</tr>
</tbody>
</table>

## Total Unauthorized – Affiliates

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other U.S. Unaffiliated Insurers</td>
<td>2399999</td>
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</tbody>
</table>

## Pools

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory Pools</td>
<td>2499999</td>
</tr>
<tr>
<td>Voluntary Pools</td>
<td>2599999</td>
</tr>
<tr>
<td>Other Non-U.S. Insurers</td>
<td>2699999</td>
</tr>
<tr>
<td>Protected Cells</td>
<td>2799999</td>
</tr>
<tr>
<td>Total Unauthorized Excluding Protected Cells (Sum of 2299999, 2399999, 2499999, 2599999 and 2699999)</td>
<td>2899999</td>
</tr>
</tbody>
</table>

## Total Certified Affiliates

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Intercompany Pooling</td>
<td>2999999</td>
</tr>
<tr>
<td>U.S. Non-Pool</td>
<td>3299999</td>
</tr>
<tr>
<td>Other</td>
<td>3599999</td>
</tr>
<tr>
<td>Total</td>
<td>3699999</td>
</tr>
</tbody>
</table>

## Other (Non-U.S.)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Captive</td>
<td>3399999</td>
</tr>
<tr>
<td>Other</td>
<td>3499999</td>
</tr>
<tr>
<td>Total</td>
<td>3599999</td>
</tr>
</tbody>
</table>

## Total Certified – Affiliates

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other U.S. Unaffiliated Insurers</td>
<td>3799999</td>
</tr>
</tbody>
</table>

## Pools

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory Pools</td>
<td>3899999</td>
</tr>
<tr>
<td>Voluntary Pools</td>
<td>3999999</td>
</tr>
<tr>
<td>Other Non-U.S. Insurers</td>
<td>4099999</td>
</tr>
<tr>
<td>Protected Cells</td>
<td>4199999</td>
</tr>
<tr>
<td>Total Certified Excluding Protected Cells (Sum of 3699999, 3799999, 3899999, 3999999 and 4099999)</td>
<td>4299999</td>
</tr>
</tbody>
</table>
## Total Reciprocal Jurisdiction

### Affiliates

<table>
<thead>
<tr>
<th>Category</th>
<th>ID Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Intercompany Pooling</td>
<td>4399999</td>
</tr>
<tr>
<td>U.S. Non-Pool Captive</td>
<td>4499999</td>
</tr>
<tr>
<td>U.S. Non-Pool Other</td>
<td>4599999</td>
</tr>
<tr>
<td>Total U.S. Non-Pool</td>
<td>4699999</td>
</tr>
<tr>
<td>Other (Non-U.S.) Captive</td>
<td>4799999</td>
</tr>
<tr>
<td>Other (Non-U.S.) Other</td>
<td>4899999</td>
</tr>
<tr>
<td>Total Other (Non-U.S.)</td>
<td>4999999</td>
</tr>
<tr>
<td>Total Reciprocal Jurisdiction – Affiliates</td>
<td>5099999</td>
</tr>
<tr>
<td>Other U.S. Unaffiliated Insurers</td>
<td>5199999</td>
</tr>
</tbody>
</table>

### Pools

<table>
<thead>
<tr>
<th>Category</th>
<th>ID Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory Pools*</td>
<td>5299999</td>
</tr>
<tr>
<td>Voluntary Pools%</td>
<td>5399999</td>
</tr>
<tr>
<td>Other Non-U.S. Insurers#</td>
<td>5499999</td>
</tr>
<tr>
<td>Protected Cells</td>
<td>5599999</td>
</tr>
<tr>
<td>Total Reciprocal Jurisdiction Excluding Protected Cells (Sum of 5099999, 5199999, 5299999, 5399999 and 5499999)</td>
<td>5699999</td>
</tr>
<tr>
<td>Total Authorized, Reciprocal Jurisdiction, Unauthorized and Certified Excluding Protected Cells (Sum of 1499999, 2899999, 4299999 and 4299999 and 4599999)</td>
<td>43999995799999</td>
</tr>
<tr>
<td>Total Protected Cells (Sum of 1399999, 2799999, 4199999 and 4199999 and 4199999 and 4199999)</td>
<td>44999995899999</td>
</tr>
<tr>
<td>Totals (Sum of 4399999, 5799999 and 44999995899999)</td>
<td>9999999</td>
</tr>
</tbody>
</table>

* – Pools and Associations consisting of affiliated companies should be listed by individual company names.

@ – Include in Mandatory Pools all U.S. Government programs (e.g., National Flood Insurance, National Crop Insurance Corporation), all state residual market mechanisms, the Workers Compensation Reinsurance Pool, and the National Council on Compensation Insurance.

% – Include in Voluntary Pools all pool participation that is voluntary on the part of the reporting entity. Include participation in any state program for which participation is not mandatory.

# – Alien Pools and Associations should be reported on Schedule F under the category “Other Non-U.S. Insurers.”

### Column 1 – ID Number (Original Reinsurer)

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
- Certified Reinsurer Identification Number (CRIN)
- Pool/Association Identification Number
Column 5 – ID Number (Retroactive Reinsurer)

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F General Instructions for more information on these identification numbers.

<table>
<thead>
<tr>
<th>Identification Number</th>
<th>(FEIN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Employer Identification Number</td>
<td></td>
</tr>
<tr>
<td>Alien Insurer Identification Number</td>
<td>(AIIN)</td>
</tr>
<tr>
<td>Reciprocal Jurisdiction Reinsurer Identification Number</td>
<td>(RJIN)</td>
</tr>
<tr>
<td>Certified Reinsurer Identification Number</td>
<td>(CRIN)</td>
</tr>
<tr>
<td>Pool/Association Identification Number</td>
<td></td>
</tr>
</tbody>
</table>

ANNUAL STATEMENT INSTRUCTIONS – TITLE

SCHEDULE F – REINSURANCE

Index to Schedule F

<table>
<thead>
<tr>
<th>Part</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part 1</td>
<td>Assumed Reinsurance</td>
</tr>
<tr>
<td>Part 2</td>
<td>Ceded Reinsurance</td>
</tr>
<tr>
<td>Part 3</td>
<td>Provision for Unauthorized Reinsurance</td>
</tr>
<tr>
<td>Part 4</td>
<td>Provision for Reinsurance Ceded to Certified Reinsurers</td>
</tr>
</tbody>
</table>

NOTE: Certified reinsurer status applies on a prospective basis and is determined by the state of domicile of the ceding insurer. Reciprocal Jurisdiction reinsurer status applies on a prospective basis and is for reinsurance agreements entered into, amended, or renewed on or after the effective date of the domiciliary state of the ceding entity enacting the 2019 revisions to the Credit for Reinsurance Models, and only with respect to losses incurred and reserves reported on or after the later of (i) the date on which the assuming insurer has met all eligibility requirements, and (ii) the effective date of the new reinsurance agreement, amendment, or renewal. As such, it is possible that a ceding insurer will report reinsurance balances applicable to a single assuming insurer under multiple classifications within Schedule F. For example, with respect to a certified reinsurer that was considered unauthorized prior to certification, balances attributable to contracts entered into prior to the assuming insurer’s certification would be reported in the unauthorized classification, while balances attributable to contracts entered into or renewed on or after the assuming insurer’s certification would be reported in the certified classification. This will also be the case for Reciprocal Jurisdiction reinsurance, which may have been classified as certified reinsurance prior to the enactment of the 2019 revisions to the Credit for Reinsurance Models by the domiciliary state of the ceding entity. Proper classification of such balances is essential to ensure accurate reporting of collateral requirements applicable to specific balances and the corresponding calculation of the liability for unauthorized and/or certified reinsurance.

Due Date

All parts of Schedule F are to be filed with the annual statement.

Please note that Parts 1, 2, 3 and 4 of this schedule are reported with thousands omitted.

ID Number

Schedule F require that the “ID Number” be reported for assuming or ceding entities.
Reinsurance intermediaries should not be listed, because Schedule F is intended to identify only risk-bearing entities.

A ceding insurer can have unauthorized reinsurance, certified reinsurance and Reciprocal Jurisdiction reinsurance with the same reinsurer, based on when the contract became effective. It is important that the ceding insurer report all types correctly. The same reinsurer may be listed on the same Schedule S by the ceding insurer with an AIIN for unauthorized reinsurance, a CRIN for certified reinsurance, and a RJIN for Reciprocal Jurisdiction reinsurance.

**Use of Federal Employer Identification Number**

The Federal Employer Identification Number (FEIN) must be reported for each U.S.-domiciled insurer and U.S. branch of an alien insurer. The FEIN should not be reported as the “ID Number” for other alien insurers even if the federal government has issued such a number.

**Alien Insurer Identification Number (AIIN)**

In order to report transactions involving alien companies correctly, the appropriate Alien Insurer Identification Number (AIIN) must be included on Schedule F instead of the FEIN. The AIIN number is assigned by the NAIC and is listed in the **NAIC Listing of Companies**. If an alien company does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the **NAIC Listing of Companies**, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

**Pool and Association Numbers**

In order to report transactions involving non-risk bearing pools or associations consisting of non-affiliated companies correctly, the company must include on Schedule F the appropriate Pool/Association Identification Number. These numbers are listed in the **NAIC Listing of Companies**. The Pool/Association Identification Number should be used instead of any FEIN that may have been assigned. If a pool or association does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the **NAIC Listing of Companies**, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Alien pools and associations should be reported on Schedule F under the category “Other Non-U.S. Insurers” rather than under “Pools, Associations and Similar Facilities.” Pools and associations consisting of affiliated companies should be listed by individual company names rather than by pool or association identification.

**Certified Reinsurer Identification Number (CRIN)**

In order to report transactions involving certified reinsurers correctly, the appropriate Certified Reinsurer Identification Number (CRIN) must be included on Schedule F instead of the FEIN, or Alien Insurer Identification Number (AIIN) or Reciprocal Jurisdiction Reinsurer Identification Number (RJIN). The CRIN is assigned by the NAIC and is listed in the **NAIC Listing of Companies**. If a certified reinsurer does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.
Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

**Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)**

In order to report transactions involving alien companies correctly, the appropriate Reciprocal Jurisdiction Reinsurer Identification Number (RJIN) must be included on Schedule F instead of the FEIN, Alien Insurer Identification Number (AIIN) or Certified Reinsurer Identification Number (CRIN). The RJIN is assigned by the NAIC and is listed in the NAIC Listing of Companies. If an alien company does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

**NAIC Company Code**

Company codes are assigned by the NAIC and are listed in the NAIC Listing of Companies. The NAIC does not assign a company code to insurers domiciled outside of the U.S. or to non-risk bearing pools or associations. The “NAIC Company Code” field should be zero-filled for those organizations. Non-risk bearing pools or associations are assigned a Pool/Association Identification Number. See the “Pool and Association Numbers” section above for details on assignment of Pool/Association Identification Numbers. Risk-bearing pools or associations are assigned a company code. If a reinsurer or reinsured has merged with another entity, report the company code of the surviving entity.

If a risk-bearing entity (e.g., risk-bearing pools or associations) does not appear in the NAIC Listing of Companies, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned. Newly assigned company codes are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC provides this information to annual statement software vendors for incorporation into the software.

**Determination of Authorized Status**

The determination of the authorized, reciprocal jurisdiction, unauthorized or certified status of an insurer or reinsurer listed in any part of Schedule F shall be based on the status of that insurer or reinsurer in the reporting entity’s state of domicile.
**SCHEDULE F – PART 1**

**ASSUMED REINSURANCE AS OF DECEMBER 31, CURRENT YEAR**

If a reporting entity has any detail lines reported for any of the following required groups, categories, or subcategories, it shall report the subtotal of the corresponding group, category, or subcategory, with the specified subtotal line appearing in the same manner and location as the pre-printed total or grand total line and number:

<table>
<thead>
<tr>
<th>Column 1 – ID Number</th>
</tr>
</thead>
</table>

**Detail Eliminated to Conserve Space**

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
- Certified Reinsurer Identification Number (CRIN)
- Pool/Association Identification Number

**SCHEDULE F – PART 2**

**CEDED REINSURANCE AS OF DECEMBER 31, CURRENT YEAR**

If a reporting entity has amounts reported for any of the following required groups, categories, or subcategories, it shall report the subtotal amount of the corresponding group, category, or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

<table>
<thead>
<tr>
<th>Group or Category</th>
<th>Line Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Authorized</td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td></td>
</tr>
<tr>
<td>U.S. Intercompany Pooling</td>
<td>0199999</td>
</tr>
<tr>
<td>U.S. Non-Pool</td>
<td></td>
</tr>
<tr>
<td>Captive</td>
<td>0299999</td>
</tr>
<tr>
<td>Other</td>
<td>0399999</td>
</tr>
<tr>
<td>Total</td>
<td>0499999</td>
</tr>
<tr>
<td>Other (Non-U.S.)</td>
<td></td>
</tr>
<tr>
<td>Captive</td>
<td>0599999</td>
</tr>
<tr>
<td>Other</td>
<td>0699999</td>
</tr>
<tr>
<td>Total</td>
<td>0799999</td>
</tr>
<tr>
<td>Total Authorized – Affiliates</td>
<td>0899999</td>
</tr>
</tbody>
</table>
### Other U.S. Unaffiliated Insurers

#### Pools

<table>
<thead>
<tr>
<th>Type</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory Pools*</td>
<td>1099999</td>
</tr>
<tr>
<td>Voluntary Pools*</td>
<td>1199999</td>
</tr>
<tr>
<td>Other Non-U.S. Insurers#</td>
<td>1299999</td>
</tr>
<tr>
<td><strong>Total Authorized</strong></td>
<td>1399999</td>
</tr>
</tbody>
</table>

### Total Unauthorized

#### Affiliates

<table>
<thead>
<tr>
<th>Type</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Intercompany Pooling</td>
<td>1499999</td>
</tr>
<tr>
<td>U.S. Non-Pool</td>
<td></td>
</tr>
<tr>
<td>Captive</td>
<td>1599999</td>
</tr>
<tr>
<td>Other</td>
<td>1699999</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1799999</td>
</tr>
<tr>
<td>Other (Non-U.S.) Captive</td>
<td>1899999</td>
</tr>
<tr>
<td>Other</td>
<td>1999999</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2099999</td>
</tr>
<tr>
<td><strong>Total Unauthorized – Affiliates</strong></td>
<td>2199999</td>
</tr>
</tbody>
</table>

### Other U.S. Unaffiliated Insurers

#### Pools

<table>
<thead>
<tr>
<th>Type</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory Pools*</td>
<td>2399999</td>
</tr>
<tr>
<td>Voluntary Pools*</td>
<td>2499999</td>
</tr>
<tr>
<td>Other Non-U.S. Insurers#</td>
<td>2599999</td>
</tr>
<tr>
<td><strong>Total Unauthorized</strong></td>
<td>2699999</td>
</tr>
</tbody>
</table>

### Total Certified

#### Affiliates

<table>
<thead>
<tr>
<th>Type</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Intercompany Pooling</td>
<td>2799999</td>
</tr>
<tr>
<td>U.S. Non-Pool</td>
<td></td>
</tr>
<tr>
<td>Captive</td>
<td>2899999</td>
</tr>
<tr>
<td>Other</td>
<td>2999999</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3099999</td>
</tr>
<tr>
<td>Other (Non-U.S.) Captive</td>
<td>3199999</td>
</tr>
<tr>
<td>Other</td>
<td>3299999</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3399999</td>
</tr>
<tr>
<td><strong>Total Certified – Affiliates</strong></td>
<td>3499999</td>
</tr>
</tbody>
</table>

### Other U.S. Unaffiliated Insurers

#### Pools

<table>
<thead>
<tr>
<th>Type</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory Pools*@</td>
<td>3699999</td>
</tr>
<tr>
<td>Voluntary Pools*%</td>
<td>3799999</td>
</tr>
<tr>
<td>Other Non-U.S. Insurers#</td>
<td>3899999</td>
</tr>
<tr>
<td><strong>Total Certified</strong></td>
<td>3999999</td>
</tr>
</tbody>
</table>
## Total Reciprocal Jurisdiction

### Affiliates
- **U.S. Intercompany Pooling**: 4099999
- **U.S. Non-Pool**
  - Captive: 4199999
  - Other: 4299999
  - **Total**: 4399999
- **Other (Non-U.S.)**
  - Captive: 4499999
  - Other: 4599999
  - **Total**: 4699999

### Total Reciprocal Jurisdiction – Affiliates: 4799999

### Other U.S. Unaffiliated Insurers
- **Pools**
  - Mandatory Pools*: 4999999
  - Voluntary Pools**: 5099999
- **Other Non-U.S. Insurers**#
- **Total Reciprocal Jurisdiction**: 5299999

### Totals: 9999999

* Pools and Associations consisting of affiliated companies should be listed by individual company names.

# Alien Pools and Associations should be reported on Schedule F under the category “Other Non-U.S. Insurers.”

**NOTE:** Disclosure of the five largest provisional commission rates should exclude mandatory pools and joint underwriting associations.

### Column 1 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F General Instructions for more information on these identification numbers.

- **Federal Employer Identification Number** (FEIN)
- **Alien Insurer Identification Number** (AIIN)
- **Reciprocal Jurisdiction Reinsurer Identification Number** (RJIN)
- **Certified Reinsurer Identification Number** (CRIN)
- **Pool/Association Identification Number**

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SCHEDULE F – PART 3

PROVISION FOR UNAUTHORIZED REINSURANCE AS OF DECEMBER 31, CURRENT YEAR

If a reporting entity has amounts reported for any of the following required groups, categories, or subcategories, it shall report the subtotal amount of the corresponding group, category, or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

Column 1 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
- Certified Reinsurer Identification Number (CRIN)
- Pool/Association Identification Number

SCHEDULE F – PART 4

PROVISION FOR REINSURANCE Ceded TO CERTIFIED REINSURERS

AS OF DECEMBER 31, CURRENT YEAR

NOTE: This schedule is to be completed by those reporting entities whose domiciliary state has enacted the Credit for Reinsurance Model Law (#785) and/or Credit for Reinsurance Model Regulation (#786) with the defined certified reinsurer provisions.

Column 1 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
- Certified Reinsurer Identification Number (CRIN)
- Pool/Association Identification Number
OPERATIONS AND INVESTMENT EXHIBIT

PART 2B – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

This schedule reports unpaid loss and loss adjustment expenses on direct and agency operations. Affiliated agencies are those that meet the affiliation standards defined by SSAP No. 25—Affiliates and Other Related Parties. Refer to SSAP No. 57—Title Insurance, paragraphs 8–13, for accounting guidance.

<table>
<thead>
<tr>
<th>Line 2</th>
<th>Reinsurance Recoverable from Authorized, Unauthorized and Certified Companies</th>
</tr>
</thead>
</table>

The amounts shown on this line represent reinsurance ceded recoverables (from authorized, unauthorized and certified companies) on unpaid losses of which notice has been received. This can be done through reinsurance ceded treaties, facultative reinsurance assumed agreements, or under transfer and assumption agreements.

The amounts shown on this line should reconcile to amounts reported in Schedule F, Part 2, Column 9, Total.

The amount shown in Column 1 should agree to Schedule P, Part 1A, Column 19, Line 12.

The amount shown in Column 2 plus the amount shown in Column 3 should as agree to Schedule P, Part 1B, Column 19, Line 12.
ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL

WORKERS’ COMPENSATION CARVE-OUT SUPPLEMENT

The Workers’ Compensation Carve-out Supplement shall be completed by those reporting entities that assume or cede workers’ compensation carve-out business.

Workers’ compensation carve-out business is defined as reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employer’s liability exposures, of business originally written as workers compensation insurance.

SCHEDULE F – REINSURANCE

NOTE: Certified reinsurer status applies on a prospective basis and is determined by the state of domicile of the ceding insurer. Reciprocal Jurisdiction reinsurer status applies on a prospective basis and is for reinsurance agreements entered into, amended, or renewed on or after the effective date of the domiciliary state of the ceding entity enacting the 2019 revisions to the Credit for Reinsurance Models, and only with respect to losses incurred and reserves reported on or after the later of (i) the date on which the assuming insurer has met all eligibility requirements, and (ii) the effective date of the new reinsurance agreement, amendment, or renewal. As such, it is possible that a ceding insurer will report reinsurance balances applicable to a single assuming insurer under multiple classifications within Schedule F. For example, with respect to a certified reinsurer that was considered unauthorized prior to certification, balances attributable to contracts entered into prior to the assuming insurer’s certification would be reported in the unauthorized classification, while balances attributable to contracts entered into or renewed on or after the assuming insurer’s certification would be reported in the certified classification. Proper classification of such balances is essential to ensure accurate reporting of collateral requirements applicable to specific balances and the corresponding calculation of the liability for unauthorized and/or certified reinsurance.

Index to Schedule F

Part 1 – Assumed Reinsurance
Part 2 – Ceded Reinsurance

ID Number

Schedule F requires that the “ID Number” be reported for assuming or ceding entities.

Reinsurance intermediaries should not be listed, because Schedule F is intended to identify only risk-bearing entities.

A ceding insurer can have unauthorized reinsurance, certified reinsurance and Reciprocal Jurisdiction reinsurance with the same reinsurer, based on when the contract became effective. It is important that the ceding insurer report all types correctly. The same reinsurer may be listed on the same Schedule S by the ceding insurer with an AIIN for unauthorized reinsurance, a CRIN for certified reinsurance, and a RJIN for Reciprocal Jurisdiction reinsurance.
Use of Federal Employer Identification Number

The Federal Employer Identification Number (FEIN) must be reported for each U.S.-domiciled insurer and U.S. branch of an alien insurer. The FEIN should not be reported as the “ID Number” for other alien insurers even if the federal government has issued such a number.

Alien Insurer Identification Number (AIIN)

In order to report transactions involving alien companies correctly, the appropriate Alien Insurer Identification Number (AIIN) must be included on Schedule F instead of the FEIN. The AIIN number is assigned by the NAIC and is listed in the NAIC Listing of Companies. If an alien company does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Pools and Association Numbers

In order to report transactions involving non-risk bearing pools or associations consisting of non-affiliated companies correctly, the company must include on Schedule F the appropriate Pool/Association Identification Number. These numbers are listed in the NAIC Listing of Companies. The NAIC Pool/Association Identification Number should be used instead of any FEIN that may have been assigned. If a pool or association does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Alien pools and associations should be reported on Schedule F under the category “Other Non-U.S. Insurers” rather than under “Pools, Associations and Similar Facilities.” Pools and associations consisting of affiliated companies should be listed by individual company names rather than by pool or association identification.

Certified Reinsurer Identification Number (CRIN)

In order to report transactions involving certified reinsurers correctly, the appropriate Certified Reinsurer Identification Number (CRIN) must be included on Schedule F instead of the FEIN, Alien Insurer Identification Number (AIIN) or Reciprocal Jurisdiction Reinsurer Identification Number (RJIN). The CRIN is assigned by the NAIC and is listed in the NAIC Listing of Companies. If a certified reinsurer does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.
Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)

In order to report transactions involving alien companies correctly, the appropriate Reciprocal Jurisdiction Reinsurer Identification Number (RJIN) must be included on Schedule F instead of the FEIN. The RJIN number is assigned by the NAIC and is listed in the NAIC Listing of Companies. If an alien company does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

NAIC Company Code

Company codes are assigned by the NAIC and are listed in the NAIC Listing of Companies. The NAIC does not assign a company code to insurers domiciled outside of the U.S. or to non-risk bearing pools or associations. The “NAIC Company Code” field should be zero filled for those organizations. Non-risk bearing pools or associations are assigned a Pool/Association Identification Number. See the “Pool and Association Numbers” section above for details on assignment of Pool/Association Identification Numbers. Risk-bearing pools or associations are assigned a company code. If a reinsurer or reinsured has merged with another entity, report the company code of the surviving entity.

If a risk-bearing entity (e.g., risk-bearing pools or associations) does not appear in the NAIC Listing of Companies, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned. Newly assigned company codes are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC provides this information to annual statement software vendors for incorporation into the software.

Determination of Authorized Status

The determination of the authorized, reciprocal jurisdiction, unauthorized or certified status of an insurer or reinsurer listed in any part of Schedule F shall be based on the status of that insurer or reinsurer in the reporting company’s state of domicile.
SCHEDULE F – PART 1

ASSUMED REINSURANCE

If a reporting entity has any detail lines reported for any of the following required groups, categories, or subcategories, it shall report the subtotal of the corresponding group, category, or subcategory, with the specified subtotal line appearing in the same manner and location as the pre-printed total or grand total line and number.

Detail Eliminated to Conserve Space

Column 1 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F General Instructions for more information on these identification numbers.

Federal Employer Identification Number (FEIN)
Alien Insurer Identification Number (AIIN)
Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
Certified Reinsurer Identification Number (CRIN)
Pool/Association Identification Number

Detail Eliminated to Conserve Space

SCHEDULE F – PART 2

CEDED REINSURANCE

If a reporting entity has amounts reported for any of the following required groups, categories, or subcategories, it shall report the subtotal amount of the corresponding group, categories, or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number.

<table>
<thead>
<tr>
<th>Group or Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Authorized</td>
</tr>
<tr>
<td>Affiliates</td>
</tr>
<tr>
<td>Total Authorized – Affiliates</td>
</tr>
<tr>
<td>U.S. Non-Pool Captive</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Other (Non-U.S.) Captive</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Total Authorized – Affiliates</td>
</tr>
<tr>
<td>Other U.S. Unaffiliated Insurers</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Category</th>
<th>Total Unauthorized</th>
<th>Total Authorized Excluding Protected Cells</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Unauthorized – Affiliates</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Intercompany Pooling</td>
<td>1299999</td>
<td></td>
</tr>
<tr>
<td>U.S. Non-Pool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Captive</td>
<td>1699999</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>1799999</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1899999</td>
<td></td>
</tr>
<tr>
<td>Other (Non-U.S.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Captive</td>
<td>1999999</td>
<td></td>
</tr>
<tr>
<td>Other</td>
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<td>Total</td>
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<td></td>
</tr>
<tr>
<td><strong>Total Unauthorized – Affiliates</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Intercompany Pooling</td>
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</tr>
<tr>
<td>U.S. Non-Pool</td>
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<td></td>
</tr>
<tr>
<td>Captive</td>
<td>2499999</td>
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<tr>
<td>Other</td>
<td>2599999</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2899999</td>
<td></td>
</tr>
<tr>
<td><strong>Total Authorized – Affiliates</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Intercompany Pooling</td>
<td>3699999</td>
<td></td>
</tr>
<tr>
<td>U.S. Non-Pool</td>
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<td></td>
</tr>
<tr>
<td>Captive</td>
<td>3399999</td>
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<td>Other</td>
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<tr>
<td>Total</td>
<td>3599999</td>
<td></td>
</tr>
</tbody>
</table>

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### Total Reciprocal Jurisdiction

#### Affiliates

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Intercompany Pooling</td>
<td>4399999</td>
</tr>
<tr>
<td>U.S. Non-Pool</td>
<td></td>
</tr>
<tr>
<td>Captive</td>
<td>4499999</td>
</tr>
<tr>
<td>Other</td>
<td>4599999</td>
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<td>Total</td>
<td>4699999</td>
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<tr>
<td>Other (Non-U.S.)</td>
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<td>Captive</td>
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<td>Other</td>
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<tr>
<td>Total</td>
<td>4999999</td>
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#### Total Reciprocal Jurisdiction – Affiliates

<table>
<thead>
<tr>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>5099999</td>
</tr>
</tbody>
</table>

#### Other U.S. Unaffiliated Insurers

<table>
<thead>
<tr>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>5199999</td>
</tr>
</tbody>
</table>

#### Pools

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory Pools*@</td>
<td>5299999</td>
</tr>
<tr>
<td>Voluntary Pools*%</td>
<td>5399999</td>
</tr>
<tr>
<td>Other Non-U.S. Insurers#</td>
<td>5499999</td>
</tr>
<tr>
<td>Protected Cells</td>
<td>5599999</td>
</tr>
</tbody>
</table>

#### Total Reciprocal Jurisdiction Excluding Protected Cells (Sum of 5099999, 5199999, 5299999, 5399999, and 5599999)

<table>
<thead>
<tr>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>5699999</td>
</tr>
</tbody>
</table>

#### Total Authorized, Reciprocal Jurisdiction, Unauthorized and Certified Excluding Protected Cells (Sum of 1499999, 2899999, 4299999, 4299999, 5699999, 4399999, 5799999, 4499999, 5899999, and 9999999)

<table>
<thead>
<tr>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>4399999</td>
</tr>
</tbody>
</table>

#### Total Protected Cells (Sum of 1399999, 2799999, 4199999, 4199999, 5599999, 4499999, 5599999, and 4599999, 5899999, and 9999999)

<table>
<thead>
<tr>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>4499999</td>
</tr>
</tbody>
</table>

#### Totals (Sum of 4399999, 5799999, and 5499999, 5599999, and 9999999)

<table>
<thead>
<tr>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>9999999</td>
</tr>
</tbody>
</table>

* Pools and Associations consisting of affiliated companies should be listed by individual company names.

# Alien Pools and Associations should be reported on Schedule F under the category “Other Non-U.S. Insurers.”

---

**Column 1 – ID Number**

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
- Certified Reinsurer Identification Number (CRIN)
- Pool/Association Identification Number

---

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### SUPPLEMENTAL TERM AND UNIVERSAL LIFE INSURANCE REINSURANCE EXHIBIT

#### PART 1 – ALL CESSIONS OF TERM AND UNIVERSAL LIFE INSURANCE WITH SECONDARY GUARANTEES

<table>
<thead>
<tr>
<th>Column 2</th>
<th>ID Number</th>
</tr>
</thead>
</table>

Enter one of the following as appropriate for the assuming insurer reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
- Certified Reinsurer Identification Number (CRIN)

#### SUPPLEMENTAL TERM AND UNIVERSAL LIFE INSURANCE REINSURANCE EXHIBIT

#### PART 2A – TRANSACTIONS SUBJECT TO PART 2 DISCLOSURE (GRANDFATHERED OR SPECIAL EXEMPTION)

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Cession ID</th>
</tr>
</thead>
<tbody>
<tr>
<td>Column 2</td>
<td>NAIC Company Code</td>
</tr>
<tr>
<td>Column 3</td>
<td>ID Number</td>
</tr>
</tbody>
</table>

Enter a unique Cession ID for each line (01 – 99).

Provide the NAIC code of the assuming insurer.

Enter one of the following as appropriate for the assuming insurer being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
- Certified Reinsurer Identification Number (CRIN)
### Column 1 – Cession ID

Enter a unique Cession ID for each line (01 – 99).

To differentiate between cessions that contain risks subject to the provisions of AG48 and those that contain risks subject to the provisions of a state regulation equivalent to Model #787, append an A or B after the cession ID.

In the event that a cession contains risks subject to both the provisions of AG48 and the provisions of a state regulation equivalent to Model #787, the reporting of the cession shall be bi-furcated accordingly and listed on two distinct lines.

Use “A” for cessions that contain risks subject to the provisions of AG48.

Use “B” for cessions that contain risks subject to the provisions of a state regulation.

### Column 2 – NAIC Company Code

Provide the NAIC code of the assuming insurer.

### Column 3 – ID Number

Enter one of the following as appropriate for the assuming insurer being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
- Certified Reinsurer Identification Number (CRIN)

---

**Detail Eliminated to Conserve Space**
Notes to the Annual Statement are to be filed on March 1.

23. Reinsurance

Instruction:

A. Unsecured Reinsurance Recoverables

If the company has with any individual reinsurers (authorized, reciprocal jurisdiction, unauthorized or certified), an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses, and unearned premium that exceeds 3% of the company’s policyholder surplus, list each individual reinsurer and the unsecured aggregate recoverable pertaining to that reinsurer. If the individual reinsurer is part of a group, list the individual reinsurers, each of its related group members having reinsurance with the reporting company, and the total unsecured aggregate recoverables for the entire group.

Include: The NAIC group code number, where appropriate, and the Federal Employer Identification Number for each individual company.

F. Retroactive Reinsurance

(1) Provide the following information for all retroactive reinsurance agreements that transfer liabilities for losses that have already occurred and that will generate special surplus transactions:

f. List the total Paid Loss/LAE amounts recoverable (for authorized, reciprocal jurisdiction, unauthorized and certified reinsurers), any amounts more than 90 days overdue (for authorized, reciprocal jurisdiction, unauthorized and certified reinsurers) and for amounts recoverable the collateral held (for unauthorized and certified reinsurers).

The insurer (assuming or ceding) shall assign a unique number to each retroactive reinsurance agreement and shall utilize this number for as long as the agreement exists. Do not report transactions utilizing deposit accounting in this note.
Illustration:

A. Unsecured Reinsurance Recoverables

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsurers, authorized or unauthorized, that exceeds 3% of the Company’s policyholder surplus.

Detail Eliminated to Conserve Space

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

F. Retroactive Reinsurance

(1) Reported Company

Detail Eliminated to Conserve Space

f. Total Paid Loss/LAE amounts recoverable (for authorized, reciprocal jurisdiction, unauthorized and certified reinsurers), any amounts more than 90 days overdue (for authorized, reciprocal jurisdiction, unauthorized and certified reinsurers), and for amounts recoverable the collateral held (for authorized, reciprocal jurisdiction, unauthorized and certified reinsurers) as respects amounts recoverable from authorized, reciprocal jurisdiction, unauthorized and certified reinsurers:

1. Authorized Reinsurers

<table>
<thead>
<tr>
<th>Company</th>
<th>Total Paid/Loss/LAE Recoverable</th>
<th>Amounts Over 90 Days Overdue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$_________________________</td>
<td>$_________________________</td>
</tr>
<tr>
<td></td>
<td>$_________________________</td>
<td>$_________________________</td>
</tr>
<tr>
<td></td>
<td>$_________________________</td>
<td>$_________________________</td>
</tr>
<tr>
<td>Total</td>
<td>$_________________________</td>
<td>$_________________________</td>
</tr>
</tbody>
</table>

2. Unauthorized Reinsurers

<table>
<thead>
<tr>
<th>Company</th>
<th>Total Paid/Loss/LAE Recoverable</th>
<th>Amounts Over 90 Days Overdue</th>
<th>Collateral Held</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$_________________________</td>
<td>$_________________________</td>
<td>$________________</td>
</tr>
<tr>
<td></td>
<td>$_________________________</td>
<td>$_________________________</td>
<td>$________________</td>
</tr>
<tr>
<td></td>
<td>$_________________________</td>
<td>$_________________________</td>
<td>$________________</td>
</tr>
<tr>
<td>Total</td>
<td>$_________________________</td>
<td>$_________________________</td>
<td>$________________</td>
</tr>
</tbody>
</table>
3. Certified Reinsurers

<table>
<thead>
<tr>
<th>Company</th>
<th>Total Amounts</th>
<th>Amounts Over 90 Days Overdue</th>
<th>Collateral Held</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Paid/Loss/LAE</td>
<td>Recoverable</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Total</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

4. Reciprocal Jurisdiction Reinsurers

<table>
<thead>
<tr>
<th>Company</th>
<th>Total Amounts</th>
<th>Amounts Over 90 Days Overdue</th>
<th>Collateral Held</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Paid/Loss/LAE</td>
<td>Recoverable</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Detail Eliminated to Conserve Space
### Part 1A – Detail of Insurance Holding Company System

All insurer and reporting entity members of the holding company system shall prepare a schedule for inclusion in each of the individual annual statements that is common for the group with the exception of Column 10, Relationship to Reporting Entity.

<table>
<thead>
<tr>
<th>Column 4 – ID Number</th>
</tr>
</thead>
</table>

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN) *
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN) *
- Certified Reinsurer Identification Number (CRIN) *

*RJIN, AIINs or CRINs are only reported if the entity in Column 8 is a reinsurer that has had an RJIN, AIIN or CRIN number assigned or should have one assigned due to transactions being reported on Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) of another entity regardless of whether the entity in Column 8 is part of reporting entity’s group.

If not applicable for the entity in Column 8, leave blank.
PART 2 – SUMMARY OF INSURER’S TRANSACTIONS WITH ANY AFFILIATES

This schedule was designed to provide an overview of transactions among insurance holding company system members. It is intended to demonstrate the scope and direction of major fund and/or surplus flows throughout the system. This schedule should be prepared on an accrual basis.

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) General Instructions for more information on these identification numbers.

<table>
<thead>
<tr>
<th>Identification Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Employer Identification Number</td>
<td>(FEIN)</td>
</tr>
<tr>
<td>Alien Insurer Identification Number</td>
<td>(AIIN) *</td>
</tr>
<tr>
<td>Reciprocal Jurisdiction Reinsurer Identification Number</td>
<td>(RJIN) *</td>
</tr>
<tr>
<td>Certified Reinsurer Identification Number</td>
<td>(CRIN) *</td>
</tr>
</tbody>
</table>

* RJIN, AIIN or CRIN numbers are only reported if the entity in Column 3 is a reinsurer that has had an RJIN, AIIN or CRIN number assigned or should have one assigned due to transactions being reported on Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) of another entity regardless of whether the entity in Column 3 is part of reporting entity’s group or not.

If not applicable for the entity in Column 3, leave blank.
SCHEDULE D – PART 6 – SECTION 1

VALUATION OF SHARES OF SUBSIDIARY, CONTROLLED OR AFFILIATED COMPANIES

If a reporting entity has any common stock or preferred stock reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

<table>
<thead>
<tr>
<th>Column 5 – ID Number</th>
</tr>
</thead>
</table>

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN) *
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN) *
- Certified Reinsurer Identification Number (CRIN) *

* RJIN, AIINs or CRINs are only reported if the entity is a reinsurer that has had an RJIN, AIIN or CRIN number assigned or should have one assigned due to transactions being reported on Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) of another reporting entity.

If not applicable for the entity, leave blank.
ANNUAL AND QUARTERLY STATEMENT INSTRUCTIONS – LIFE/FRATERNAL

TRUSTEED SURPLUS STATEMENT

Page 3

Line 1 – Total Liabilities

Should agree with the amount reported on Page 3, Line 28 of the quarterly statement.

Line 4 – Amounts Recoverable From Reinsurers

Line 4.1 – Authorized Companies

Include: Any reinsurance recoverable on paid losses from authorized companies that are included in the asset on Page 2, Line 16.1, Column 3 of the quarterly statement.

Line 4.2 – Unauthorized Companies

Include: Any reinsurance recoverable on paid losses from unauthorized companies that are included in the asset on Page 2, Line 16.1, Column 3 of the quarterly statement.

Line 4.3 – Certified Companies

Include: Any reinsurance recoverable on paid losses from certified companies that are included in the asset on Page 2, Line 16.1, Column 3 of the quarterly statement.

Line 4.4 – Reciprocal Jurisdiction Companies

Include: Any reinsurance recoverable on paid losses from Reciprocal Jurisdiction companies that are included in the asset on Page 2, Line 16.1, Column 3 of the quarterly statement.
ANNUAL AND QUARTERLY STATEMENT INSTRUCTIONS – PROPERTY

TRUSTEED SURPLUS STATEMENT

Page 3

Line 1 – Total Liabilities
Should agree with the amount reported on Page 3, Line 28 of the quarterly statement.

Line 7 – Reinsurance Recoverable on Paid Losses and Loss Adjustment Expenses

Line 7.1 – Authorized Companies
Include: Any reinsurance recoverables on paid losses and loss adjustment expenses from authorized companies that are included in the asset on Page 2, Line 16.1, Column 3 of the quarterly statement.

Line 7.2 – Unauthorized Companies
Include: Any reinsurance recoverables on paid losses and loss adjustment expenses from unauthorized companies that are included in the asset on Page 2, Line 16.1, Column 3 of the quarterly statement.

Line 7.3 – Certified Companies
Include: Any reinsurance recoverables on paid losses and loss adjustment expenses from certified companies that are included in the asset on Page 2, Line 16.1, Column 3 of the quarterly statement.

Line 7.4 – Reciprocal Jurisdiction Companies
Include: Any reinsurance recoverables on paid losses and loss adjustment expenses from reciprocal jurisdiction companies that are included in the asset on Page 2, Line 16.1, Column 3 of the quarterly statement.
SCHEDULE S – CEDED REINSURANCE
SHOWING ALL NEW REINSURANCE TREATIES – CURRENT YEAR TO DATE

Detail Eliminated to Conserve Space

<table>
<thead>
<tr>
<th>Column 1</th>
<th>NAIC Company Code</th>
</tr>
</thead>
</table>

Company codes are assigned by the NAIC and are listed in the NAIC Listing of Companies. The NAIC does not assign a company code to insurers domiciled outside of the U.S. or to non-risk bearing pools or associations. The “NAIC Company Code” field should be zero-filled for those organizations. Non-risk bearing pools or associations are assigned a Pool/Association Identification Number. See the instruction for Column 2 for details on assignment of Pool/Association Identification Numbers. Risk bearing pools or associations are assigned a company code. If a reinsurer or reinsured has merged with another entity, report the company code of the surviving entity.

If a risk bearing entity (e.g., risk bearing pools or associations) does not appear in the NAIC Listing of Companies, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or information on having a number assigned. Newly assigned company codes are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC provides this information to annual statement software vendors for incorporation into the software.

<table>
<thead>
<tr>
<th>Column 2</th>
<th>ID Number</th>
</tr>
</thead>
</table>

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions in the annual statement instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
- Certified Reinsurer Identification Number (CRIN)
- Pool/Association Identification Number

Federal ID Number (FEIN)

The Federal Employer Identification Number (FEIN) must be reported for each U.S.-domiciled insurer and U.S. branch of an alien insurer. The FEIN should not be reported as the “Federal ID Number” for other alien insurers even if the federal government has issued such a number.

Alien Insurer Identification Number (AIIN)

In order to report transactions involving alien companies correctly, the appropriate Alien Insurer Identification Number (AIIN) must be included on Schedule S instead of the FEIN. The AIIN number is assigned by the NAIC and is listed in the NAIC Listing of Companies. If an alien company does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC provides this information to annual statement software vendors for incorporation into the software.
Pool and Association Numbers

In order to report transactions involving non-risk bearing pools or associations consisting of non-affiliated companies correctly, the company must include on Schedule S the appropriate Pool/Association Identification Number. These numbers are listed in the NAIC Listing of Companies. The Pool/Association Identification Number should be used instead of any FEIN that may have been assigned. If a pool or association does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC provides this information to annual statement software vendors for incorporation into the software.

Certified Reinsurer Identification Number (CRIN)

In order to report transactions involving certified reinsurers correctly, the appropriate Certified Reinsurer Identification Number (CRIN) must be included on Schedule S instead of the FEIN, or Alien Insurer Identification Number (AIIN) or Reciprocal Jurisdiction Reinsurer Identification Number (RJIN). The CRIN is assigned by the NAIC and is listed in the NAIC Listing of Companies. If a certified reinsurer does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)

In order to report transactions involving alien companies correctly, the appropriate Reciprocal Jurisdiction Reinsurer Identification Number (RJIN) must be included on Schedule S instead of the FEIN. The RJIN number is assigned by the NAIC and is listed in the NAIC Listing of Companies. If an alien company does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Column 7 – Type of Reinsurer

The determination of the authorized, certified or unauthorized status of an insurer or reinsurer shall be based on the status of that insurer or reinsurer in the reporting company’s state of domicile.

Enter “Authorized” “Reciprocal Jurisdiction” “Certified” or “Unauthorized” to indicate the type of reinsurer.
QUARTERLY STATEMENT INSTRUCTIONS – PROPERTY AND TITLE

SCHEDULE F – CEDED REINSURANCE

SHOWING ALL NEW REINSURERS – CURRENT YEAR TO DATE

Detail Eliminated to Conserve Space

Column 1 – NAIC Company Code

Company codes are assigned by the NAIC and are listed in the NAIC Listing of Companies. The NAIC does not assign a company code to insurers domiciled outside of the U.S. or to non-risk bearing pools or associations. The “NAIC Company Code” field should be zero-filled for those organizations. Non-risk bearing pools or associations are assigned a Pool/Association Identification Number. See the instruction for Column 2 for details on assignment of Pool/Association Identification Numbers. Risk bearing pools or associations are assigned a company code. If a reinsurer or reinsured has merged with another entity, report the company code of the surviving entity.

If a risk bearing entity (e.g., risk bearing pools or associations) does not appear in the NAIC Listing of Companies, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or information on having a number assigned. Newly assigned company codes are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC provides this information to annual statement software vendors for incorporation into the software.

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F General Instructions in the annual statement instructions for more information on these identification numbers.

<table>
<thead>
<tr>
<th>Identification Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Employer Identification Number (FEIN)</td>
</tr>
<tr>
<td>Alien Insurer Identification Number (AIIN)</td>
</tr>
<tr>
<td>Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)</td>
</tr>
<tr>
<td>Certified Reinsurer Identification Number (CRIN)</td>
</tr>
<tr>
<td>Pool/Association Identification Number</td>
</tr>
</tbody>
</table>

Federal ID Number (FEIN)

The Federal Employer Identification Number (FEIN) must be reported for each U.S.-domiciled insurer and U.S. branch of an alien insurer. The FEIN should not be reported as the “ID Number” for other alien insurers even if the federal government has issued such a number.

Alien Insurer Identification Number (AIIN)

In order to report transactions involving alien companies correctly, the appropriate Alien Insurer Identification Number (AIIN) must be included on Schedule F instead of the FEIN. The AIIN number is assigned by the NAIC and is listed in the Listing of Companies. If an alien company does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semiannually. The NAIC provides this information to annual statement software vendors for incorporation into the software.
Pool and Association Numbers

In order to report transactions involving non-risk bearing pools or associations consisting of non-affiliated companies correctly, the company must include on Schedule F the appropriate Pool/Association Identification Number. These numbers are listed in the NAIC Listing of Companies. The Pool/Association Identification Number should be used instead of any FEIN that may have been assigned. If a pool or association does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semiannually. The NAIC provides this information to annual statement software vendors for incorporation into the software.

Certified Reinsurer Identification Number (CRIN)

In order to report transactions involving certified reinsurers correctly, the appropriate Certified Reinsurer Identification Number (CRIN) must be included on Schedule F instead of the FEIN or Alien Insurer Identification Number (AIIN) or Reciprocal Jurisdiction Reinsurer Identification Number (RJIN). The CRIN is assigned by the NAIC and is listed in the NAIC Listing of Companies. If a certified reinsurer does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)

In order to report transactions involving alien companies correctly, the appropriate Reciprocal Jurisdiction Reinsurer Identification Number (RJIN) must be included on Schedule S instead of the FEIN. The RJIN number is assigned by the NAIC and is listed in the NAIC Listing of Companies. If an alien company does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC Listing of Companies, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Column 5 – Type of Reinsurer

The determination of the authorized, certified or unauthorized status of an insurer or reinsurer shall be based on the status of that insurer or reinsurer in the reporting company’s state of domicile.

Enter “Authorized” “Reciprocal Jurisdiction” “Certified” or “Unauthorized” to indicate the type of reinsurer.
## ANNUAL STATEMENT BLANK – PROPERTY

### SCHEDULE F – PART 3 (Continued)

Ceded Reinsurance as of December 31, Current Year ($000 Omitted)

(Total Provision for Reinsurance)

<table>
<thead>
<tr>
<th>SD Number</th>
<th>Name of Reinsurer</th>
<th>Provision for Unearned Reinsurance</th>
<th>Provision for Recoverable Losses &amp; LAE Over 90 Days Net of Collateral</th>
<th>Total Provision for Reinsurance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>11</td>
<td>12</td>
<td>13</td>
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<td>58</td>
</tr>
<tr>
<td></td>
<td></td>
<td>59</td>
<td>60</td>
<td>61</td>
</tr>
</tbody>
</table>

(000’s omitted)

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12/8/19

Reinsurance (E) Task Force

Attachment Ten
### ANNUAL STATEMENT BLANK – TITLE

#### OPERATIONS AND INVESTMENT EXHIBIT

**PART 2B – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

<table>
<thead>
<tr>
<th></th>
<th>1 Direct Operations</th>
<th>2 Non-Affiliated Agency Operations</th>
<th>3 Affiliated Agency Operations</th>
<th>4 Total Current Year (Cols. 1+2+3)</th>
<th>5 Total Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Loss and allocated LAE reserve for title and other losses of which notice has been received:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Direct (Schedule P, Part 1, Line 12, Col. 17)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>Reinsurance assumed (Schedule P, Part 1, Line 12, Col. 18)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Deduct reinsurance recoverable from authorized, unauthorized and certified companies (Schedule P, Part 1, Line 12, Col. 19)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Known claims reserve net of reinsurance (Line 1.1 plus Line 1.2 minus Line 2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Incurred But Not Reported:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1</td>
<td>Direct (Schedule P, Part 1, Line 12, Col. 20)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.2</td>
<td>Reinsurance assumed (Schedule P, Part 1, Line 12, Col. 21)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.3</td>
<td>Reinsurance ceded (Schedule P, Part 1, Line 12, Col. 22)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.4</td>
<td>Net incurred but not reported (Line 4.1 plus Line 4.2 minus Line 4.3)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Unallocated LAE reserve (Schedule P, Part 1, Line 12, Col. 23)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Less discount for time value of money, if allowed (Schedule P, Part 1, Line 12, Col. 33)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Total Schedule P reserves (Lines 3 + 4.4 + 5 - 6) (Schedule P, Part 1, Line 12, Col. 34)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Statutory premium reserve at year end (Part 1B, Line 2.6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Aggregate of other reserves required by law (Page 3, Line 3)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Supplemental reserve (a) (Lines 7 + (3 + 8 + 9))</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) If the sum of Lines 3 + 8 + 9 is greater than Line 7, place a "0" in this Line.
### Annual and Quarterly Statement Blank – Life/Fraternal

#### Trusteed Surplus Statement

<table>
<thead>
<tr>
<th>Liabilities and Trusteed Surplus</th>
<th>1. Total Liabilities</th>
<th>Current Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions to Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Aggregate write-ins for additions to liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Total (Lines 1 + 2)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Deductions from Liabilities:

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.</td>
<td>Amounts Recoverable From Insurers:</td>
<td></td>
</tr>
<tr>
<td>4.1</td>
<td>Authorized Companies</td>
<td></td>
</tr>
<tr>
<td>4.2</td>
<td>Unauthorized Companies</td>
<td></td>
</tr>
<tr>
<td>4.3</td>
<td>Reciprocal Jurisdiction Companies</td>
<td></td>
</tr>
<tr>
<td>4.4</td>
<td>Reciprocal Jurisdiction Companies</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Special State Deposits, not exceeding net liabilities carried:</td>
<td></td>
</tr>
<tr>
<td>5.1</td>
<td>Special State Deposits (submit schedule)</td>
<td></td>
</tr>
<tr>
<td>5.2</td>
<td>Accrued interest on special state deposits</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Life insurance premiums and annuity considerations deferred and uncollected</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Accident and health premiums due and unpaid</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Contract loans and premium notes:</td>
<td></td>
</tr>
<tr>
<td>8.1</td>
<td>Contract loans not exceeding reserves carried on such policies</td>
<td></td>
</tr>
<tr>
<td>8.2</td>
<td>Premium notes</td>
<td></td>
</tr>
<tr>
<td>8.3</td>
<td>Interest due and accrued on contract loans and premium notes</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Aggregate write-ins for other deductions from liabilities</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Total Deductions (Lines 4.1 thru 9)</td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Total Adjusted Liabilities (Line 3 minus Line 10)</td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Trusteed Surplus</td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

#### Details of Write-Ins

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>0201.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0202.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0203.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0298.</td>
<td>Summary of remaining write-ins for Line 2 from overflow page</td>
<td></td>
</tr>
<tr>
<td>0299.</td>
<td>Totals (Lines 0201 thru 0203 plus 0298) (Line 2 above)</td>
<td></td>
</tr>
<tr>
<td>0901.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0902.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0903.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0998.</td>
<td>Summary of remaining write-ins for Line 9 from overflow page</td>
<td></td>
</tr>
<tr>
<td>0999.</td>
<td>Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)</td>
<td></td>
</tr>
</tbody>
</table>

#### Interrogatories:

1.1 Have there been any changes made to any of the trust indentures during the period? Yes [ ] No [ ]

1.2 If yes, has the domiciliary or entry state approved the change? Yes [ ] No [ ]
ANNUAL AND QUARTERLY STATEMENT BLANK – PROPERTY

TRUSTEED SURPLUS STATEMENT
LIABILITIES AND TRUSTEED SURPLUS

<table>
<thead>
<tr>
<th></th>
<th>1 Current Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total Liabilities</td>
</tr>
<tr>
<td>2</td>
<td>Ceded Reinsurance Balances Payable</td>
</tr>
<tr>
<td>3</td>
<td>Agents' Credit Balances</td>
</tr>
<tr>
<td>4</td>
<td>Aggregate Write-ins For Other Additions to Liabilities</td>
</tr>
<tr>
<td>5</td>
<td>Total Additions (Lines 2 + 3 + 4)</td>
</tr>
<tr>
<td>6</td>
<td>Total (Lines 1 + 5)</td>
</tr>
</tbody>
</table>

DEDUCTIONS FROM LIABILITIES:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Reinsurance Recoverable on Paid Losses and Loss Adjustment Expenses:</td>
</tr>
<tr>
<td>7.1</td>
<td>Authorized Companies</td>
</tr>
<tr>
<td>7.2</td>
<td>Unauthorized Companies</td>
</tr>
<tr>
<td>7.3</td>
<td>Certified Companies</td>
</tr>
<tr>
<td>7.4</td>
<td>Reciprocal Jurisdiction Companies</td>
</tr>
</tbody>
</table>

8. Special State Deposits, not exceeding net liabilities carried in this statement on business in each respective state:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1</td>
<td>Special State Deposits (submit schedule)</td>
</tr>
<tr>
<td>8.2</td>
<td>Accrued interest on Special State Deposits</td>
</tr>
</tbody>
</table>

9. Agents' balances or uncollected premiums not more than ninety days past due, not exceeding unearned premium reserves carried thereon:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1</td>
<td>Authorized Companies</td>
</tr>
<tr>
<td>9.2</td>
<td>Unauthorized Companies</td>
</tr>
</tbody>
</table>

10. Unpaid Reinsurance Premiums Receivable, not exceeding losses and loss adjustment expenses due to reinsured:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1</td>
<td>Authorized Companies</td>
</tr>
<tr>
<td>10.2</td>
<td>Unauthorized Companies</td>
</tr>
</tbody>
</table>

11. Aggregate write-ins for other deductions from liabilities:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>11.1</td>
<td>Total Deductions (Lines 7 thru 11)</td>
</tr>
</tbody>
</table>

12. Total Adjusted Liabilities (Line 6 minus Line 12):

<p>| | |</p>
<table>
<thead>
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<tbody>
<tr>
<td>13</td>
<td>Total Adjusted Liabilities</td>
</tr>
</tbody>
</table>

14. Trusteed Surplus (Line 1 minus Line 13):

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>14.1</td>
<td>Trusteed Surplus</td>
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</tbody>
</table>

15. Total

DETAILS OF WRITE-INS

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>0401</td>
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<tr>
<td>0402</td>
<td></td>
</tr>
<tr>
<td>0403</td>
<td></td>
</tr>
<tr>
<td>0498</td>
<td>Summary of remaining write-ins for Line 4 from overflow page</td>
</tr>
<tr>
<td>0499</td>
<td>Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)</td>
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<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>1101</td>
<td></td>
</tr>
<tr>
<td>1102</td>
<td></td>
</tr>
<tr>
<td>1103</td>
<td></td>
</tr>
<tr>
<td>1198</td>
<td>Summary of remaining write-ins for Line 11 from overflow page</td>
</tr>
<tr>
<td>1199</td>
<td>Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)</td>
</tr>
</tbody>
</table>