

Draft date: 7/12/23

*Virtual Meeting*

*(in lieu of meeting at the 2023 Summer National Meeting)*

### REINSURANCE (E) TASK FORCE

Monday, July 24, 2023

12:00 – 1:00 p.m. ET / 11:00 a.m. – 12:00 p.m. CT / 10:00 – 11:00 a.m. MT / 9:00 – 10:00 a.m. PT

### ROLL CALL

Chlora Lindley-Myers, Chair	Missouri	Gary D. Anderson	Massachusetts
Adrienne A. Harris, Vice Chair	New York	Grace Arnold	Minnesota
Mark Fowler	Alabama	Troy Downing	Montana
Lori K. Wing-Heier	Alaska	Francisco D. Cabrera	N. Mariana Islands
Peni Itula Sapini Teo	American Samoa	Eric Dunning	Nebraska
Alan McClain	Arkansas	D.J. Bettencourt	New Hampshire
Ricardo Lara	California	Justin Zimmerman	New Jersey
Michael Conway	Colorado	Alice Kane	New Mexico
Andrew N. Mais	Connecticut	Mike Causey	North Carolina
Trinidad Navarro	Delaware	Jon Godfread	North Dakota
Michael Yaworsky	Florida	Judith L. French	Ohio
John F. King	Georgia	Glen Mulready	Oklahoma
Michelle B. Santos	Guam	Alexander S. Adams Vega	Puerto Rico
Amy L. Beard	Indiana	Elizabeth Kelleher Dwyer	Rhode Island
Doug Ommen	Iowa	Michael Wise	South Carolina
Vicki Schmidt	Kansas	Cassie Brown	Texas
Sharon P. Clark	Kentucky	Jon Pike	Utah
James J. Donelon	Louisiana	Kevin Gaffney	Vermont
Timothy N. Schott	Maine	Scott A. White	Virginia
Kathleen A. Birrane	Maryland	Nathan Houdek	Wisconsin

NAIC Support Staff: Jake Stultz/Dan Schelp

### AGENDA

1. Consider Adoption of its Spring National Meeting Minutes  
—*John Rehagen (MO)* Attachment One
2. Consider Adoption of its 2024 Proposed Charges—*John Rehagen (MO)* Attachment Two
3. Consider Adoption of the Report of the Reinsurance Financial Analysis (E)  
Working Group—*Rolf Kaumann (CO)*

4. Receive a Status Report on the Reinsurance Activities of the Mutual Recognition of Jurisdictions (E) Working Group—*Robert Wake (ME)*
5. Discuss Ongoing Projects at the NAIC that Affect Reinsurance  
—*John Rehagen (MO)*
6. Receive a Status Report on the States' Implementation of the *Term and Universal Life Insurance Reserve Financing Model Regulation (#787)*  
—*John Rehagen (MO)*
7. Discuss Any Other Matters Brought Before the Task Force  
—*John Rehagen (MO)*
8. Adjournment

Attachment Three

Draft: 3/11/22

Reinsurance (E) Task Force  
Virtual Meeting (*in lieu of meeting at the 2023 Spring National Meeting*)  
March 6, 2023

The Reinsurance (E) Task Force met March 6, 2023. The following Task Force members participated: Chlora Lindley-Myers, Chair, represented by John Rehagen (MO); Adrienne A. Harris, Vice Chair, represented by John Finston (NY); Mark Fowler (AL); Alan McClain represented by Chris Erwin (AR); Ricardo Lara represented by Monica Macaluso (CA); Michael Conway represented by Rolf Kaumann (CO); Andrew N. Mais represented by Wanchin Chou (CT); Michael Yaworsky represented by Virginia Christy (FL); John F. King represented by Martin Sullivan (GA); Doug Ommen represented by Kim Cross (IA); Amy L. Beard represented by Roy Eft (IN); Vicki Schmidt represented by Tish Becker (KS); Sharon P. Clark and Vicki Lloyd (KY); James J. Donelon represented by Stewart Guerin (LA); Gary D. Anderson represented by Christopher Joyce (MA); Timothy N. Schott represented by Robert Wake (ME); Grace Arnold represented by Ben Slutsker (MN); Mike Causey represented by Jan Andrews (NC); Jon Godfread represented by Matt Fischer (ND); Eric Dunning represented by Lindsay Crawford (NE); Chris Nicolopoulos represented by Doug Bartlett (NH); Marlene Caride represented by David Wolf and John Tirado (NJ); Jennifer Catechis represented by Patrick Zeller (NM); Judith L. French represented by Dale Bruggeman (OH); Glen Mulready represented by Eli Snowbarger (OK); Elizabeth Kelleher Dwyer represented by John Tudino (RI); Michael Wise represented by Tom Baldwin (SC); Cassie Brown represented by Mike Arendall (TX); Jon Pike represented by Jake Garn (UT); Scott A. White represented by David Smith and Doug Stolte (VA); and Nathan Houdek represented by Mark McNabb (WI).

1. Adopted its 2022 Fall National Meeting Minutes

Eft made a motion, seconded by Crawford, to adopt the Task Force's Nov. 17, 2022, minutes (*see NAIC Proceedings – Fall 2022, Reinsurance (E) Task Force*). The motion passed unanimously.

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

Kaumann stated that the Working Group meets in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings. He stated that the Working Group met Jan. 31, 2023; Dec. 19, 2022; and Nov. 22, 2022; to approve several certified and reciprocal jurisdiction reinsurers for passporting. He noted that the Working Group will meet several more times during 2023.

Kaumann stated that the Working Group has now approved 55 reciprocal jurisdiction reinsurers and 41 certified reinsurers for passporting, and that 39 states have passported a reciprocal jurisdiction reinsurer. He noted that the list of passported reinsurers can be found on the Certified and Reciprocal Jurisdiction Reinsurer web page.

Kaumann made a motion, seconded by Wolf, to adopt the Working Group's report. The motion passed unanimously.

Rehagen stated that as part of the adoption of *Actuarial Guideline LIII—Application of the Valuation Manual for Testing the Adequacy of Life Insurer Reserves* (AG 53), the Valuation Analysis (E) Working Group was directed to assist in the targeted review of asset adequacy analysis related to modeling of business supported with projected high net yield assets. He noted that this work will involve reviewing reinsurance and that the work is only in the early stages.

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

Wake stated that the Working Group met Nov. 7, 2022, to reapprove the status of Bermuda, France, Germany, Ireland, Japan, Switzerland, and the United Kingdom (UK) as qualified jurisdictions and to reapprove Bermuda, Japan, and Switzerland as reciprocal jurisdictions. He noted that this process will be completed again during fall of 2023. Wake noted that on Feb. 24, the Bermuda Monetary Authority (BMA) issued a consultation paper on planned enhancements to their regulatory process and that NAIC staff provided this document to the Working Group and the Task Force. He stated that the document has not yet been fully reviewed but that any changes to the BMA's regulatory practices will be evaluated during the annual re-review of their status as a qualified and reciprocal jurisdiction.

4. Received a Status Report on the States' Implementation of Model #787

Jake Stultz (NAIC) stated that the *Term and Universal Life Insurance Reserve Financing Model Regulation (#787)* became an accreditation standard on Sept. 1, 2022, with enforcement beginning on Jan. 1. He noted that as of Feb. 22, 33 jurisdictions have adopted Model #787, with another three jurisdictions with action under consideration. He noted that Model #787 mirrors *Actuarial Guideline XLVIII—Actuarial Opinion and Memorandum Requirements for the Reinsurance of Policies Required to be Valued under Sections 6 and 7 of the NAIC Valuation of Life Insurance Policies Model Regulation (AG 48)* and that under the accreditation standards, a state may meet the requirements through an administrative practice, such as an actuarial guideline. He stated that 11 states have advised NAIC staff that they will rely on AG 48, either through an insurance bulletin or through simple adoption of the NAIC's *Accounting Practices and Procedures Manual (AP&P Manual)*. He added that if a state adopts Model #787, it also will need to adopt Section 5B(4) of the *Credit for Reinsurance Model Law (#785)*. He stated that the map showing the current adoption status for Model #787 was included in the meeting materials (Attachment One).

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

NAICSupportStaffHub/Member Meetings/E CMTE/RTF/2023SpringNM/Meeting/Minutes/0 ReinsuranceTFmin 03.06.2023.docx

## Reinsurance (E) Task Force 2024 Proposed Charges

The mission of the Reinsurance (E) Task Force is to monitor and coordinate activities and areas of interest that overlap to some extent the charges of other NAIC groups—specifically, the International Insurance Relations (G) Committee.

The **Reinsurance (E) Task Force** will:

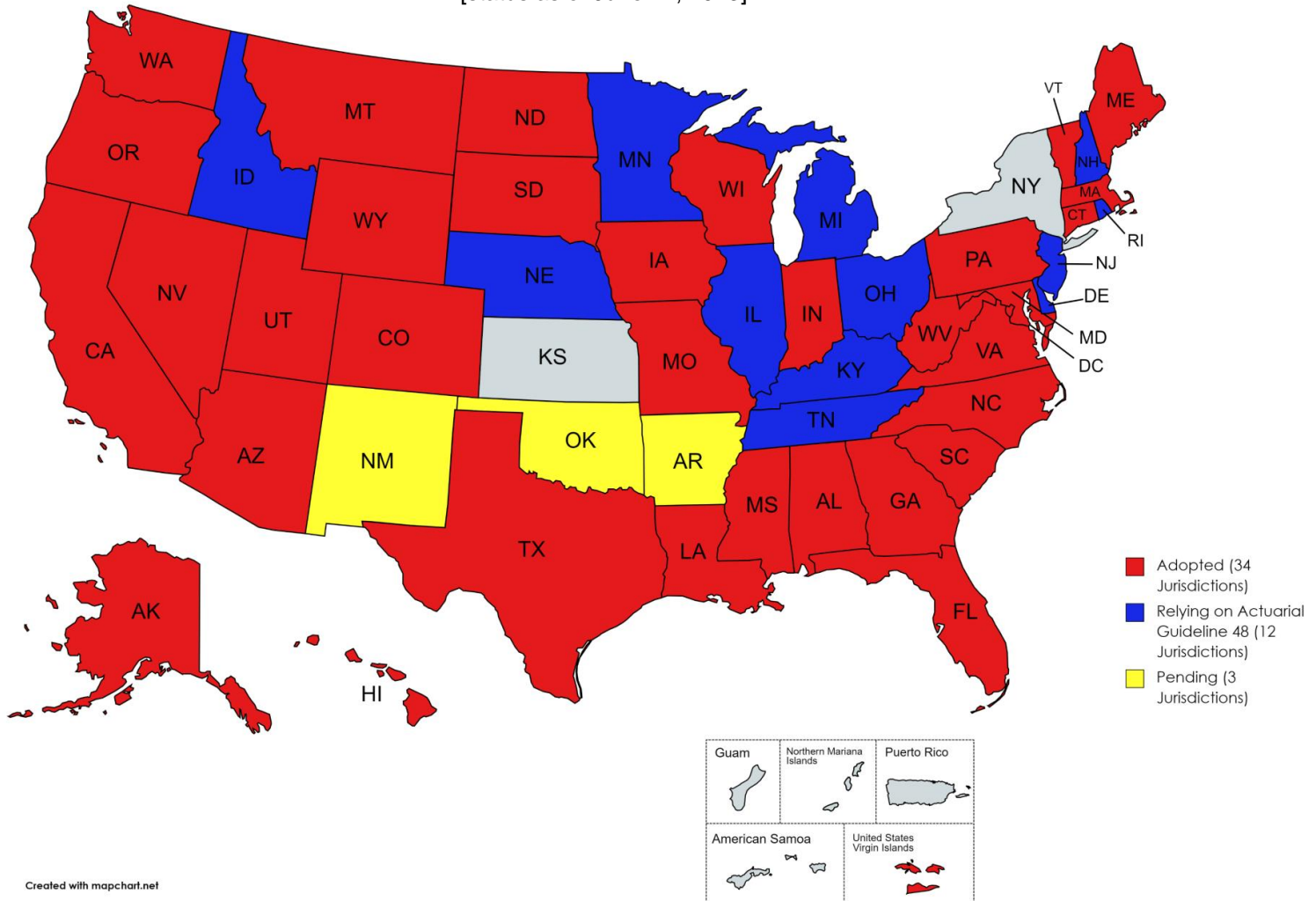
1. Provide a forum for the consideration of reinsurance-related issues of public policy.
2. Oversee the activities of the Reinsurance Financial Analysis (E) Working Group.
- ~~3. Monitor the implementation of the 2011, 2016, and 2019 revisions to the *Credit for Reinsurance Model Law* (#785); and the 2011 and 2019 revisions to the *Credit for Reinsurance Model Regulation* (#786) and the *Term and Universal Life Insurance Reserve Financing Model Regulation* (#787).~~
- 4.3. Communicate and coordinate with the Federal Insurance Office (FIO), other federal authorities, and international regulators and authorities on matters pertaining to reinsurance.
- 5.4. Consider any other issues related to the revised Model #785, Model #786, and Model #787.
- 6.5. Monitor the development of international principles, standards, and guidance with respect to reinsurance. This includes, but is not limited to, monitoring the activities of various groups within the International Association of Insurance Supervisors (IAIS), including the Reinsurance and Other Forms of Risk Transfer Subcommittee, the Reinsurance Mutual Recognition Subgroup, and the Reinsurance Transparency Group.
- 7.6. Consider the impact of reinsurance-related federal legislation, including, but not limited to, the federal Nonadmitted and Reinsurance Reform Act (NRRRA) and the Federal Insurance Office Act, and coordinate any appropriate NAIC action.
- 8.7. Continue to monitor the impact of reinsurance-related international agreements, including the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance” (EU Covered Agreement) and the “Bilateral Agreement Between the United States of America and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance” (UK Covered Agreement).

The **Reinsurance Financial Analysis (E) Working Group** will:

1. Operate in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings and operate in open session when discussing certified reinsurance topics and policy issues, such as amendments to the Uniform Application for ~~c~~Certified or reciprocal Reinsurers.
2. Provide advisory support and assistance to states in the review of reinsurance collateral reduction applications. Such a process with respect to the review of applications for reinsurance collateral reduction and qualified jurisdictions should strengthen state regulation and prevent regulatory arbitrage.
3. Provide a forum for discussion among NAIC jurisdictions of reinsurance issues related to specific companies, entities or individuals.
4. Support, encourage, promote and coordinate multistate efforts in addressing issues related to certified reinsurers, including, but not limited to, multistate recognition of certified reinsurers.
5. Provide analytical expertise and support to the states with respect to certified or reciprocal reinsurers and applicants ~~for certification~~.

6. Provide advisory support with respect to issues related to the determination of qualified jurisdictions.
7. Ensure the public passporting website remains current.
- ~~8. For reinsurers domiciled in Reciprocal Jurisdictions, determine the best and most effective approaches for the financial solvency surveillance to assist the states in their work to protect the interests of policyholders.~~

Implementation of Model #787 (XXX/AXXX)  
 Term and Universal Life Insurance Reserve Financing Model Regulation  
 [status as of June 27, 2023]



Disclaimer: This map represents state action or pending state action regarding NAIC amendments to the model(s). This map does not reflect a determination as to whether the pending or enacted legislation contains all elements of NAIC amendments to the model(s) or whether a state meets any applicable accreditation standards.