



July 23, 2018

Messrs. Schelp and Stultz
Reinsurance Task Force
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

Re: Reinsurance (E) Task Force proposed revisions to the *Credit for Reinsurance Model Law (#785)* and the *Credit for Reinsurance Model Regulation (#786)*, to incorporate relevant provisions of the *Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance ("Bilateral Agreement")*

VIA EMAIL: jstultz@naic.org dschelp@naic.org

Dear Messrs. Schelp and Stultz:

Allstate Insurance Company ("Allstate") appreciates the opportunity to comment on proposed revisions to **#785** *Credit for Reinsurance Model Law* and **#786** *Credit for Reinsurance Model Regulation*. As one of the world's largest purchasers of catastrophe reinsurance, Allstate is keenly interested in working with regulators and policymakers to ensure laws and regulations that are modified as a result of the Bilateral Agreement serve the interests of both policyholders and ceding companies. We commend the task force for the swiftness and completeness of their thoughtful work on the proposals.

Allstate's comments are limited to the proposed revisions to #785, *Credit for Reinsurance Model Law*, new subsection F, paragraph (7).

As proposed:

7. This subsection shall apply only to reinsurance agreements entered into, amended, or renewed on or after the [date of adoption of model revisions], and only with respect to losses incurred and reserves reported from and after the later of (i) the [date of adoption], or (ii) the effective date of such new reinsurance agreement, amendment, or renewal. This subsection shall not apply to reinsurance agreements entered into before the subsection's application, or to losses incurred or to reserves posted before the subsection's application.

Allstate's recommended modifications:

7. This subsection shall apply only to reinsurance agreements entered into, ~~amended~~, or renewed on or after the [date of adoption of model revisions], and only with respect to losses ~~incurred~~ occurrences and reserves reported from and after the later of (i) the [date of adoption], or (ii) the effective date of such new reinsurance agreement, ~~amendment~~, or renewal. This subsection shall not apply to reinsurance agreements entered into before the subsection's application, or to losses ~~incurred~~ occurrences or to reserves posted before the subsection's application.

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The first recommended change is to remove reinsurance amendments as a trigger for application of the entire subsection F which is being added to incorporate relevant provisions of the Bilateral Agreement. Amendments are often not significant and may not involve renegotiation or repricing of the contract. For example, an amendment can result from a name change (but not entity change) of one of the parties referred to in the contract.

The second recommendation is to use the words “loss occurrences” in place of “losses incurred” in the paragraph. “Losses incurred” could unintentionally exclude, or not definitively include, incurred but not reported losses. We believe the intent is to capture all losses that have occurred from and subsequent to the later of the timeframes referenced in the paragraph. “Loss occurrences” is broad and would include all claim obligations from covered events whereas “losses incurred” is often used as accounting recognition terminology.

Allstate looks forward to continuing to work with you on reinsurance proposals directly or indirectly resulting from incorporating the relevant provisions of the Bilateral Agreement into the existing NAIC framework.



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