



October 16, 2018

Superintendent Vullo, Chair
Reinsurance (E) Task Force
National Association of Insurance Commissioner
c/o Mr. Jake Stultz
Via e-mail jstultz@naic.org

Re: NAIC Request for Comments on Proposed Revisions to Credit for Reinsurance Model Law and Regulation to Address the Bilateral Agreement

Dear Superintendent Vullo:

In addition to the joint comments separately submitted, the Reinsurance Association of America (RAA) and the Property Casualty Insurers Association of America (PCI) would like to submit additional comments on the second draft of proposed revisions to the *Credit for Reinsurance Model Law* (#785) and the *Credit for Reinsurance Model Regulation* (#786) to address implementation of the reinsurance collateral provisions of the *Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance* (“Bilateral Agreement”), which was signed September 22, 2017.¹

Equal Treatment for U.S.-Accredited Jurisdictions

The NAIC should also address, and level the playing field, for how the proposed revisions to the model law and regulation impact the treatment of U.S. reinsurers in the United States. U.S. domiciled reinsurers should have the same access to U.S. markets that is afforded to reinsurers subject to the Bilateral Agreement or under the proposed Reciprocal Jurisdiction category. The NAIC should include specific language that extends the same eligibility for collateral treatment to reinsurers domiciled and licensed in any NAIC accredited state as those extended to reinsurers domiciled in the EU or any other Reciprocal Jurisdiction. A domestic reinsurer in an accredited state logically should receive the benefit in all other states without the need for separate licenses in each state when writing reinsurance in the U.S. Currently, a U.S. domestic reinsurer must obtain a license in all 50 states to get the same collateral treatment that would be accorded to Reciprocal Jurisdictions from the EU or another Reciprocal Jurisdiction under the proposed revisions as well as the language of the Covered Agreement. We propose to expand the definition of Reciprocal Jurisdiction by adding the following language in the model law as Section 2(F)(1)(a)(iii) and in the model regulation as Section 9(B)(3):

¹ The Property Casualty Insurers Association of America (PCI) promotes and protects the viability of a competitive private insurance market for the benefit of consumers and insurers. PCI is composed of approximately 1,000 member companies and 340 insurance groups, representing the broadest cross section of home, auto, and business insurers of any national trade association. PCI members represent all sizes, structures, and regions, which protect families, communities, and businesses in the U.S. and across the globe. PCI members write \$245 billion in annual premium, which is 38 percent of the nation's property casualty insurance marketplace.

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.

U.S. jurisdictions that meet the requirements for accreditation under the NAIC financial standards and accreditation program shall be recognized as Reciprocal Jurisdictions.

Although the exposure draft of the model regulation proposes revisions to the definition of “head office or domicile” that may partially address this issue, these changes may not fully address the problem.

Conclusion

We appreciate the opportunity to offer comments and work with the NAIC to effectively implement the Bilateral Agreement. We welcome the opportunity to work with the NAIC to reach a conclusion acceptable to all parties on the revisions to both the model law and regulation. Please do not hesitate to contact us with any questions or concerns.

Sincerely,

Reinsurance Association of America
Property Casualty Insurers Association of America