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February 5, 2018

VIA ELECTRONIC MAIL**jstultz@naic.org**Jake Stultz
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, Missouri 64106SUBJECT: Bilateral Agreement between the United States of America and the
European Union (EU) on Prudential Measures Regarding Insurance and
Reinsurance (Covered Agreement)

Dear Mr. Stultz:

Thank you for the opportunity to submit comments regarding how to proceed with reinsurance collateral reform in response to the Covered Agreement.

California is of the view that the *Credit for Reinsurance Model Law* (#785) and *Credit for Reinsurance Model Regulation* (#786) can be amended to accommodate the terms of the Covered Agreement. For example, the Covered Agreement relies on capital and solvency standards that are essential to the certification of reinsurers, and it allows for information sharing and documentation similar to the requirements in Models #785 and #786 for certified reinsurers. Thus, Models #785 and #786 provide an existing framework to build upon for this next evolution of reinsurance collateral reform.

As a member of the Reinsurance Task Force, California is committed to developing a plan to implement the Covered Agreement in a way that reflects the agreement that was made, and provides adequate protection for our domestic cedents and policyholders.

Sincerely,

A handwritten signature in blue ink that reads "Monica Macaluso".

Monica Macaluso
Attorney