

NAIC Notice of Public Hearing and Request for Comments

Bilateral Agreement Between the United States of America and the European Union (EU) on Prudential Measures Regarding Insurance and Reinsurance (Covered Agreement)

WASHINGTON, D.C. (Dec. 21, 2017) – The National Association of Insurance Commissioners (NAIC) and its Reinsurance (E) Task Force will hold a public hearing Feb. 20 in New York to address the reinsurance collateral provisions of Article 3 of the Covered Agreement, which was signed Sept. 22.

The Covered Agreement would eliminate reinsurance collateral requirements for EU reinsurers that meet certain requirements. The states will need to consider action with respect to reinsurance collateral reforms within 60 months or be subject to potential federal preemption.

The NAIC and the Task Force will begin discussions on how to proceed with reinsurance collateral reform by requesting formal written comments and holding a public hearing in New York on Feb. 20 at the Andaz Wall Street Hotel from 10 a.m. to 3 p.m. Eastern Time. Logistics for the public hearing will be published as soon as details have been finalized.

Request for Comments. The NAIC requests specific comments on the following approaches to reinsurance collateral reform:

- Amending the *Credit for Reinsurance Model Law* (#785) and the *Credit for Reinsurance Model Regulation* (#786) to eliminate reinsurance collateral requirements for EU-based reinsurers meeting the conditions of the Covered Agreement.
- Extending similar treatment to reinsurers from other jurisdictions covered by potential future covered agreement(s) that might be negotiated pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act.
- Providing reinsurers domiciled in NAIC Qualified Jurisdictions with similar reinsurance collateral requirements.
- Considering changes to the criteria for evaluating whether a jurisdiction should be a Qualified Jurisdiction.
- Considering additional “guardrails” relative to U.S. ceding companies, such as changes to the risk-based capital (RBC) formula or new regulatory approaches to help address the increased financial solvency risks caused by the elimination of reinsurance collateral.
- Any other considerations to weigh as part of the states’ implementation of the Covered Agreement.

Written comments or questions should be addressed to the National Association of Insurance Commissioners and forwarded to Jake Stultz (jstultz@naic.org), by Feb. 6, 2018.

Registration for the public hearing will be required. Details will be made public via the NAIC’s website and social media channels. The NAIC anticipates giving stakeholders additional opportunity to make oral presentations at the public hearing; however, all interested parties are strongly encouraged to submit written comments and will be given priority during the hearing.

About the NAIC

The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S. For more information, visit www.naic.org.