APPLICATION AND RENEWAL AGREEMENT

PERTAINING TO THE NAME OF A FINANCIAL INSTITUTION ON THE
NAIC LIST OF QUALIFIED U.S. FINANCIAL INSTITUTIONS
ISSUERS OF LETTERS OF CREDIT FOR USE AS COLLATERAL IN REINSURANCE ARRANGEMENTS

Part One of Three – Information

1. **About the List** - This Qualified U.S. Financial Institutions (QUSFI) List is maintained as part of a service provided by the NAIC to its members; i.e., the commissioners, directors, superintendents and other named state officials that regulate the insurance business in the 50 states, the District of Columbia and the four U.S. territories. NAIC members (and their domiciled insurance companies) use this List to administer state laws pertaining to reinsurance arrangements that incorporate or are based on the NAIC’s Credit for Reinsurance Model Law (#785) (Model 785). This List is not intended to be used and may not be used for any other purpose or by any other person or entity. Detailed information about the List is contained in Part Six of the *Purpose and Procedures Manual of the NAIC Investment Analysis Office dated December 2018 – Volume/Issue -18/01* (the P&P Manual), which can be purchased through the NAIC’s Publications Department on the NAIC website: [https://www.naic.org/prod_serv_alpha_listing.htm](https://www.naic.org/prod_serv_alpha_listing.htm)

2. **About Credit for Reinsurance** – Model 785 establishes procedures for domestic insurers to apply to a state insurance department for the grant of an asset or a reduction from liability (i.e., a credit) when the domestic insurer cedes insurance exposure to an assuming insurer (the reinsurer) in a reinsurance arrangement consistent with Model 785. One arrangement contemplated by the Model Law involves reinsurance arrangements in which the reinsurer provides security (collateral) for performance of its reinsurance obligation in the form of a letter of credit issued or confirmed by a “qualified U.S. financial institution.”

3. **Definition of Qualified U.S. financial institution** – Section 4 of Model 785 defines the term “qualified U.S. Financial Institution” as follows: “A. For purposes of Section 3C of Model 785 a “qualified U.S. financial institution” means an institution that: (1) Is organized or (in the case of a U.S. office of a foreign banking organization) licensed, under the laws of the United States or any state thereof; (2) Is regulated, supervised and examined by U.S. federal or state authorities having regulatory authority over banks and trust companies; and (3) Has been determined by either the commissioner or the Securities Valuation Office of the National Association of Insurance Commissioners to meet such standards of financial condition and standing as are considered necessary and appropriate to regulate the quality of financial institutions whose letters of credit will be acceptable to the commissioner.” [Source: Model 785, available for free download in PDF file format at:](http://store.naic.org/prod_serv_model_laws.htm)

4. **About this Initial Application or Renewal Application** – Qualified U.S. financial institutions that issue letters of credit as collateral in reinsurance arrangements may request that the NAIC add their name to the List, *if they agree to the Conditions for Adding an Applicant to the List in Part two of this Application and Agreement*. Annually, financial institutions are obligated to renew their position on the List within six (6) months of the fiscal year end. Beyond six (6) months of fiscal year end, the financial institution will be removed from the List and will be obligated to reapply as an initial applicant. **Please direct all inquiries to:** [SVOInquiry-FI@naic.org](mailto:SVOInquiry-FI@naic.org)

5. **The Significance of Being on the List** – By adding the name of a qualified U.S. financial institution to the List the SVO communicates to NAIC members and their domiciliary insurers that the Applicant meets the standards specified in Part Six of the P&P Manual. No other communication is intended or should be inferred by anyone. When it adds the name of a qualified U.S. financial institution to the List, the SVO is
not expressing an opinion on any aspect of the financial institution’s operations, the appropriateness of doing business with the financial institution or the suitability of using any entity on the List as a provider of credit enhancement for securities transactions.

**Part Two of Three – Agreement - Conditions for Adding an Applicant to the List**

1. **Assumption of Risk of Being on the List** - The Applicant has either read Part Six of the P&P Manual or has had an opportunity to do so which it declined and in either case understands the nature of the NAIC activity represented by the List and fully assumes any risk to itself of exposure to such activities.

2. **Acknowledges SVO Notices and Activities** - The Applicant acknowledge that the SVO will notify NAIC members and their insurers if the Applicant’s letter of credit or senior debt credit rating has or is likely to fall below the NAIC established minimum for the List and that the SVO may place the Applicant’s name on a privately published Watch List to communicate that the Applicant will not be able to renew its Application in a subsequent business cycle; or that it may be removed from the List at the discretion of the SVO if the SVO deems the Applicant’s credit rating is unlikely to remain at or above the minimum and will be removed from the List if the NRSRO downgrades the Applicant’s credit rating(s) below the minimum established by the NAIC for the List. The Applicant acknowledges that the identified SVO communications and actions are intended to permit NAIC members to effectively administer existing reinsurance arrangements including the opportunity to make alternative arrangements if the Applicant’s credit rating falls, or is likely to fall, below the NAIC established minimum. The Applicant agrees that it shall not deem such communications and activities to constitute commercial defamation, slander or tortious interference with the business of the Applicant.

3. **Provide Evidence of Legal Status as QUSFI** - The Applicant will provide evidence that it is a qualified U.S. financial institution as defined in Part One, Section 3 of this Application and Agreement; authorized to issue letters of credit for reinsurance; has a credit rating assigned by an NRSRO for its letter of credit or senior debt obligation not lower than the minimum established by the NAIC for the List, produced by the NRSRO using the methodology and criteria identified below and contained in Part Six of the P&P Manual.

4. **Agrees to Provide Financial Information** - The Applicant agrees to provide the financial information identified in this Application so that the SVO can monitor its credit rating(s) and notify NAIC members and their insurers of the status of the Applicant’s credit rating(s).

5. **Status of Application** - The Applicant acknowledge and agrees that the receipt and or administration of the Application does not indicate that the SVO has agreed to add (or that it will add) the Applicant’s name to the List. The Applicant will be advised in writing should the application be rejected.

6. **Not an Endorsement** - Adding the name of the Applicant to the List is not and shall not be represented by the Applicant to insurers or anyone else to be an endorsement, recommendation or a grant of regulatory approval to any activity whatever (including reinsurance transactions structured to use letters of credit as collateral for a reinsurance obligation) by the SVO, an NAIC employee, the NAIC or any of its members.

7. **Governing Law** – Any dispute or controversy arising out of the Agreement set forth in Part Two, or the activities otherwise described in this Application and Agreement shall be governed by the laws of the State of New York and shall be adjudicated in the New York Supreme Court or the US District Court for the Southern District of New York in New York City.
Part Three of Three – How to File

1. The Application and all accompanying documentation should be filed with the NAIC.ORG on the VISION application. Attach all information requested on https://vision.naic.org

You log into VISION by performing the following steps.
   a. Open an internet browser.
   b. Enter: https://vision.naic.org/
   c. The NAIC Login Window will display (see example below).
   d. In the login window, enter your user name and password. Note: The password is case sensitive and appears as an asterisk (*), when each character is entered. If you do not have a user id and password, complete and submit the VISION Account form listed on the SVO website at http://www.naic.org/svo.htm, so that a VISION Administrator can complete your setup.
   e. Click on the yellow “Login” button.
   f. Click on the tab “My Financial Institutions” which will show “Available Actions” in the right-hand column where “Initial Filing” or “Renewal Filing” may be selected, as appropriate.
   g. Clicking “Initial Filing” or “Renewal Filing” will take you to the filing wizard, where you’ll have the opportunity to provide relevant information for the filing as well as attach necessary documentation.
   h. When the documentation is attached or uploaded and you’ve reviewed the information provided, please click “Submit.”
After filing submission, you are taken to the My Financial Institutions page. There will be a message that your filing was submitted and an estimated price will be displayed.

2. Payment of Application Fee - The Applicant will be billed by the NAIC for a **NON REFUNDABLE FEE** of US $1,500.00 for initial applications or $750.00 for renewals for 2019. Alternatively, the filer may send the fee directly to:

   Bank: UMB Bank - Kansas City MO  
   ABA#: 101000695  
   NAIC Acct#: 9870877295  
   SWIFT: UMKCUS44