



NAIC News Release
National Association of
Insurance Commissioners
FOR IMMEDIATE RELEASE

REINSURANCE REFORM MOVES AHEAD

Modernization Proposal Adopted; Guiding Principles Ratified

GRAPEVINE, Texas (Dec. 7, 2008) — The National Association of Insurance Commissioners (NAIC) has adopted its Reinsurance Regulatory Modernization Framework Proposal, which modernizes U.S. state-based regulation of reinsurance.

“This proposal sets forth a conceptual framework only,” said New Jersey Banking and Insurance Commissioner Steven M. Goldman, chair of the NAIC Reinsurance Task Force, which drafted the proposal. “Now, we must focus on developing the specifics of this new regulatory regime and taking the appropriate legislative steps to make the proposal a reality.”

The proposal creates two new classes of reinsurers in the United States: U.S.-domiciled national reinsurers and non-U.S.-based port of entry (POE) reinsurers, and introduces modified collateral requirements for eligible reinsurers. The proposal also establishes a new framework for state-based reinsurance regulation based on the concepts of supervisory recognition, single-state licensure for U.S. reinsurers and single-state certification for non-U.S. reinsurers from approved jurisdictions.

The proposal creates the NAIC Reinsurance Supervision Review Department (RSRD), which will evaluate the reinsurance supervisory regimes of other countries and establish standards for a state to be certified to regulate reinsurance on a cross-border basis. In order to be certified as a POE reinsurer, a reinsurer must be licensed by a non-U.S. jurisdiction recommended as eligible for recognition by the RSRD.

The following “Principles for the Creation of the RSRD” will be used to guide the Task Force as the implementation process proceeds.

- The RSRD should be created as a transparent, publicly accountable entity (contemplated to be part of the NAIC), with a governing board composed of state or district insurance regulators, and with director eligibility open to all state or district insurance commissioners, directors and superintendents.
- RSRD criteria relating to ceded premium volume will not unfairly discriminate against otherwise qualified small jurisdictions from approval as a home state or POE state supervisor.

The current NAIC Credit for Reinsurance Model Act remains in place for



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reinsurers that do not choose to become either national or POE reinsurers. For more information, visit www.naic.org/committees_e_reinsurance.htm.

About the NAIC

Headquartered in Kansas City, Mo., the National Association of Insurance Commissioners (NAIC) is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and five U.S. territories. The NAIC's overriding objective is to assist state insurance regulators in protecting consumers and helping maintain the financial stability of the insurance industry by offering financial, actuarial, legal, computer, research, market conduct and economic expertise. Formed in 1871, the NAIC is the oldest association of state officials. For more than 135 years, state-based insurance supervision has served the needs of consumers, industry and the business of insurance at-large by ensuring hands-on, frontline protection for consumers, while providing insurers the uniform platforms and coordinated systems they need to compete effectively in an ever-changing marketplace. For more information, visit www.naic.org/press_home.htm.

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