



**FOR IMMEDIATE RELEASE**

## **REINSURANCE MODERNIZATION PROPOSAL REVEALED TO WORLD'S REGULATORS**

*Goals Include Mutual Recognition, Financial Stability  
and 'Functional Equivalence'*

**FORT LAUDERDALE, Fla. (Oct. 17, 2007)** — The National Association of Insurance Commissioners (NAIC) today debuted to its international insurance regulatory counterparts a proposal to comprehensively modernize reinsurance regulation in the United States.

The proposal was shared at the 14th Annual Conference of the International Association of Insurance Supervisors (IAIS) during a panel titled, "Reinsurance: The Avenue Towards Mutual Recognition." The panel was hosted by New Jersey Insurance Commissioner Steven Goldman, who serves as chair of the IAIS Reinsurance and Other Forms of Risk Transfer Subcommittee.

"As regulators of the world's largest insurance market, NAIC members are committed to ensuring that our standards remain compatible with supervisory practices worldwide," Goldman said. "Our objective with this proposal is to align U.S. reinsurance regulation more closely with international standards, while allowing for the flexibility that our nation's financial services marketplace requires."

Developed by a subgroup of the NAIC's Reinsurance Task Force, the proposal calls for amending the existing regulatory framework to allow for single-state licensing of U.S. reinsurers, and encourages the NAIC to develop a Reinsurance Supervision Review Department (RSRD).

The RSRD would assist in the evaluation of the extent to which non-U.S. jurisdictions apply regulatory oversight that is "functionally equivalent" to U.S. regulation. Under the proposal, non-U.S. reinsurers domiciled in "functionally equivalent" jurisdictions would be allowed to access the entire U.S. market through a single port of entry state.

"We hope to facilitate cross-border transactions and enhance competition within the U.S. market, while ensuring that insurers and policyholders are adequately protected from a solvency perspective," Goldman added. "By working closely with insurance supervisors from around the world, we hope to move closer to our



### Contacts

**Communications Division**  
(816) 783-8909 [news@naic.org](mailto:news@naic.org)

**Scott Holeman**  
Communications Director

**Jeremy Wilkinson**  
Electronic Communications  
Manager

**Heidi Robertson**  
Communications Specialist

**Vanessa Sink**  
Communications Specialist

**Evan Kuhlmann**  
Communications Intern

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ultimate goals of mutual recognition and global financial stability.”

The NAIC's Reinsurance Task Force will discuss this proposal further during a meeting Nov. 7-8, 2007, held in conjunction with the NAIC Financial Summit in Atlanta. For more information, visit [www.naic.org/committees\\_e\\_reinsurance.htm](http://www.naic.org/committees_e_reinsurance.htm).

For more information about the 2007 IAIS Annual Conference, visit [www.2007iais.org](http://www.2007iais.org).

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## About the IAIS

Established in 1994, the IAIS represents insurance regulators and supervisors of some 190 jurisdictions in nearly 140 countries. The IAIS has also more than 120 insurance professionals, insurers, reinsurers and trade associations as Observers. The IAIS issues global insurance principles, standards and guidance papers, provides training and support on issues related to insurance supervision, and organises meetings and seminars for insurance supervisors. The IAIS works closely with other international institutions to promote financial stability. For more information on the IAIS, visit [www.iaisweb.org](http://www.iaisweb.org).

## About the NAIC

Headquartered in Kansas City, Missouri, 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 the 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 NAIC on the Web at: [http://www.naic.org/press\\_home.htm](http://www.naic.org/press_home.htm).

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