



AMERICAN ACADEMY of ACTUARIES

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September 11, 2015

Commissioner John M. Huff
Chair, Reinsurance (E) Task Force
Financial Condition (E) Committee
National Association of Insurance Commissioners
Via email to jarpin@naic.org and dschelp@naic.org

RE: *Certified Reinsurers and Passporting Public Document*

Dear Commissioner Huff,

On behalf of the American Academy of Actuaries'¹ Reinsurance Committee, I appreciate the opportunity to provide feedback on the National Association of Insurance Commissioners (NAIC) Reinsurance (E) Task Force's draft *Certified Reinsurers and Passporting Public Document*, dated July 23, 2015. We strongly support the efforts of NAIC to simplify and increase transparency for the reinsurer certification and the passporting processes.

While we are generally in support of the *Public Document*, we would still urge the Task Force to carefully consider the following items as it creates model regulations and procedures for passporting:

- The idea behind passporting is to have a streamlined approach to certify reinsurers in jurisdictions after first approval. We think it is advisable for there to be a uniform checklist of features that a prospective reinsurer must have in order to be certified. A uniform checklist would be extremely helpful to the state that initially approves a reinsurer's application for certification, as well as to the reinsurer that applies for the certification. A checklist would reduce confusion regarding terms and requirements.
- The passporting process, including a confidential review by the Reinsurance Financial Analysis (E) Working Group (ReFAWG), should be designed to result in more uniformity in the approval process. We recommend that, as part of the application to become certified, the reinsurer may indicate the states to which it wants its certification passported. Once the reinsurer is certified in the lead state, copies of all the appropriate information would be forwarded to the other states designated by the reinsurer. In this

¹ The American Academy of Actuaries is an 18,500+ member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

way, the process would become more seamless and efficient for the reinsurer and the designated states.

- Ongoing monitoring of reinsurer's certification status is important. Certified reinsurers must report to the lead state if any regulatory actions are taken. We suggest that the ReFAWG implement timeliness guidelines for reporting any change in the status of any reinsurer (e.g., regulatory action, rating agency action, etc.) by the initial certifying state and the NAIC to states using the passporting process to confirm certification.
- We support listing certified reinsurers on the NAIC website. This will provide significant transparency in the passporting process for all parties.

Thank you for the opportunity to provide feedback on the *Certified Reinsurers and Passporting Public Document*. If you have any questions or would like to discuss these issues in more detail, please contact Lauren Sarper, the Academy's senior policy analyst for risk management and financial reporting, at (202) 223-8196 or sarper@actuary.org.

Sincerely,

Jeremy Starr, MAAA, FSA
Chairperson, Reinsurance Committee
Risk Management and Financial Reporting Council
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