Approved by the Reinsurance (E) Task Force on 12/3/17

Uniform Application Checklist for Certified Reinsurers

(Initial and Renewal Applications)

Applicant Information

Company Name:
Address:
Primary Contact:
Domiciliary Jurisdiction / Supervisory Authority:
Applicable Lines of Business:

I. Filing Requirements for Reinsurer Currently Certified by Another NAIC-Accredited Jurisdiction

If an applicant for certification has been certified as a reinsurer in an NAIC accredited jurisdiction, the [Commissioner] has the discretion to defer to that jurisdiction's certification and assigned rating; i.e., "passporting." To assist the [Commissioner] in the determination to defer to another jurisdiction's certification the following application procedures should be followed:

a. Has the applicant been certified by an NAIC accredited jurisdiction? (Yes or No) _____;

[If "Yes," this state (the "Lead" state) will confirm that the initial or renewal certification has been reviewed by the NAIC Reinsurance Financial Analysis (E) Working Group ("ReFAWG") for passporting purposes.]

b. If the answer to question I.a. (above) is "No," please proceed to Section II of this application.

c. If the answer to question I.a. (above) is "Yes," the applicant shall provide the information specified in the table below for consideration by the [Commissioner]. In the alternative, the [Commissioner] may permit the applicant to provide written certification that some or all the required information was previously filed with the Lead State and the ReFAWG.

Note: The ReFAWG and the Lead State may have already collected, reviewed and approved relevant documentation such as; Biographical Affidavits, Certificates of Good Standing, Licenses, Rating Agency Reports, Reports of Auditors and other certification documents. States are encouraged to accept these prior filings as complete, in lieu of duplicative filing requests.

Citation to State Law / Regulation	Requirements	Y or N	Reference and Supporting Documents
	Status of Domiciliary Jurisdiction: The applicant must be domiciled and licensed in a Qualified Jurisdiction, as determined by this state.		
	Verification of Certification Issued by an NAIC Accredited Jurisdiction: If the applicant is requesting that the Commissioner recognize the certification issued by another NAIC accredited jurisdiction (i.e., passporting), the applicant must provide a copy of the approval letter or other documentation provided to the applicant by such NAIC accredited jurisdiction. At a minimum, this letter		

Citation to State Law / Regulation	Requirements	Y or N	Reference and Supporting Documents
	must confirm the following information: a. Name of state(s) in which applicant is currently certified. b. The rating and collateral percentage assigned by the accredited jurisdiction with respect to the applicant. c. The effective and expiration dates with respect to the certification. d. The lines of business to which the certification is applicable. e. The applicant's commitment to comply with all requirements necessary to maintain certification.		
	Mechanisms Used to Secure Obligations Incurred as a Certified Reinsurer: The applicant must specify the mechanisms it will use to secure obligations incurred as a Certified Reinsurer. If the applicant intends to utilize a multibeneficiary trust for this purpose, the applicant must submit (1) a copy of the approval from the domiciliary regulator with regulatory oversight of the 100% collateral and reduced collateral multibeneficiary trusts or its intention to secure the approval of the domiciliary regulator of the trust before either trust can be used. (2) the form of the trust that will be used to secure obligations incurred as a certified reinsurer; and (3) the form of the trust that will be used to secure obligations incurred outside of the applicant's certified reinsurer status, i.e., the applicant's 100% collateralized trust (if applicable). The form of each trust is required to be submitted pursuant to state law in order to ensure that security for these obligations will be kept separate and to ensure that each trust meets the requirements of the state's Credit for Reinsurance statute and/or regulation. ***NOTE:*** ***The MBT includes a provision that:*** *The certified reinsurer must bind itself by the language of the multibeneficiary trust and agreement with the commissioner with*		

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Citation to State Law / Regulation	Requirements	Y or N	Reference and Supporting Documents
	principal regulatory oversight of each such trust account, to fund, upon termination of any such trust account, out of the remaining surplus of such trust any deficiency of any other such trust account.		
	Form CR-1 (For Initial and Renewal Applications): The applicant must provide [insert name of state] Form CR-1, which must be properly executed by an officer authorized to bind the applicant to the commitments set forth in the form. [Insert link to copy of form on state web site.]		
	Fee: [Insert $ amount of the fee applicable in this state.]		
	Other Requirements: The applicant must: a. Commit to comply with other reasonable requirements deemed necessary for certification by the certifying state. Failure to comply with such other requirement could disqualify the reinsurer from certification. b. Provide a statement that the applicant agrees to post 100% security upon the entry of an order of rehabilitation or conservation against the ceding insurer or its estate.		
	Public Notice Requirement: The [Commissioner] is required to post notice on the insurance department's website promptly upon receipt of any application for certification, including instructions on how members of the public may respond to the application. The [Commissioner] may not take final action on the application until at least [insert number of days required in the specific state] days after posting such notice. The [Commissioner] will consider any comments received during the public notice period with respect to this application.		

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II. Filing Requirements for Full Application

a. The applicant shall provide the information required within Section II if:
- The applicant has not been certified by an NAIC accredited jurisdiction; or
- The Commissioner makes a determination not to recognize or defer to the certification issued by another NAIC accredited jurisdiction; or
- The applicant is renewing its certification with the lead state or a state is not relying on the certification by another NAIC accredited jurisdiction.

b. Check appropriate box:

☐ Initial Application ☐ Renewal Application

Citation to State Law / Regulation	Requirements	Y or N	Reference and Supporting Documents
	Status of Domiciliary Jurisdiction / Proof of Licensure and Good Standing: The applicant must be domiciled and licensed in a Qualified Jurisdiction, as determined by this state. The applicant must be in good standing (or the jurisdiction's equivalent classification) and maintain capital and surplus in excess of its domiciliary jurisdiction's highest regulatory action level. The Commissioner will consider the following information with respect to the applicant's domiciliary jurisdiction: a. Whether the domestic supervisory authority been approved as a Qualified Jurisdiction in this state. b. Confirmation as to whether the domestic supervisory authority is included on the NAIC List of Qualified Jurisdictions. The applicant must provide the following information: a. A copy of the certificate of authority or license to transact insurance and/or reinsurance from the applicant's domiciliary jurisdiction. b. A certification from the applicant's domestic supervisory authority affirming that the applicant is in good standing (or the jurisdiction's equivalent classification) and maintains capital and surplus in excess		

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Citation to State Law / Regulation	Requirements	Y or N	Reference and Supporting Documents
	of the jurisdiction's highest regulatory action level.		
	Mechanisms Used to Secure Obligations Incurred as a Certified Reinsurer: The applicant must specify the mechanisms it will use to secure obligations incurred as a Certified Reinsurer. If the applicant intends to utilize a multibeneficiary trust for this purpose, the applicant must submit (1) a copy of the approval from the domiciliary regulator with regulatory oversight of the 100% collateral and reduced collateral multibeneficiary trusts or its intention to secure the approval of the domiciliary regulator of the trust before either trust can be used; (2) the form of the trust that will be used to secure obligations incurred as a certified reinsurer; and (3) the form of the trust that will be used to secure obligations incurred outside of the applicant's certified reinsurer status, i.e., the applicant's 100% collateralized trust (if applicable). The form of each trust is required to be submitted pursuant to state law in order to ensure that security for these obligations will be kept separate and to ensure that each trust meets the requirements of the state's Credit for Reinsurance statute and/or regulation. ***NOTE:*** ***The MBT includes a provision that:*** *The certified reinsurer must bind itself by the language of the multibeneficiary trust and agreement with the commissioner with principal regulatory oversight of each such trust account, to fund, upon termination of any such trust account, out of the remaining surplus of such trust any deficiency of any other such trust account.*		

	Financial Strength Ratings (Stand-Alone or Group): The applicant must maintain interactive financial strength ratings from two or more acceptable rating agencies. Initial or Affirmed financial strength rating dates		

	must be within 15 months of the application date/renewal filing date. The applicant must provide the following: a. Confirm all interactive financial strength ratings currently maintained by the applicant. b. Specify the type of financial strength rating (i. e., stand-alone or group). c. If the financial strength rating is not on a stand-alone basis, provide the rationale for the group rating[1]. d. Copies of full rating agency reports with respect to all financial strength ratings currently maintained by the applicant. If a full report is not available, the applicant must provide a letter from the applicable rating agency affirming its current financial strength rating. Initial or Affirmed financial strength rating dates must be within 15 months of the application date/renewal filing date. e. An explanation of any changes in the financial strength rating during the last three years. **NOTE:** Acceptable rating agencies include A.M. Best, Fitch Ratings, Moody's Investor Service, Standard & Poor's, Kroll Bond Rating Agency, or any other Nationally Recognized Statistical Rating Organization recognized by the SEC to provide financial strength ratings on insurance companies.		
	Disputed and/or Overdue Reinsurance Claims / Business Practices: The Commissioner may consider the applicant's business practices in dealing with its ceding insurers, including compliance with contractual terms and obligations. The applicant must provide the following if 1) applicant's reinsurance obligations to U.S. cedents that are in dispute and/or more than 90 days past due exceed 5% of its total reinsurance obligations to U.S. cedents as of the end of its prior financial reporting year; or 2) the applicant's reinsurance obligations to any of the top 10 U.S. cedents (based on the amount of outstanding reinsurance obligations as of the end of its prior		

	financial reporting year) that are in dispute and/or more than 90 days past due exceed 10% of its reinsurance obligations to that U.S. cedent, Then, in either case, the applicant will provide: a. Notice of that fact to the Commissioner and a detailed explanation regarding the reason(s) for the amount of disputed or overdue claims exceeding the levels noted above; and . b. A description of the applicant's business practices in dealing with U.S. ceding insurers and a statement that the applicant commits to comply with all contractual requirements applicable to reinsurance contracts with U.S. ceding insurers. Upon receipt of such notice and explanation, the Commissioner may request additional information concerning the applicant's claims practices with regard to any or all U.S. ceding insurers.		
	Schedules for Reinsurance Assumed and Reinsurance Ceded: The applicant must provide the following: a. For applicants domiciled in the U.S., provide the most recent NAIC Annual Statement Blank Schedule F (property/casualty) and/or Schedule S (life and health). b. For applicants domiciled outside the U.S. provide Form CR-F (property/casualty) and/or Form CR-S (life and health), completed in accordance with the instructions adopted by the NAIC [include link to instructions.]		
	Regulatory Actions: The applicant must provide a description of any regulatory actions taken against the applicant. a. Include all regulatory actions, fines and penalties, regardless of the amount.		

	b. Provide a description of any changes in with respect to the provisions of the applicant's domiciliary license. [NOTE: Reinsurance-FAWG requires this information for the last three years for passporting purposes.]		
	Financial/Regulatory Filings: The applicant must provide the following: a. A copy of the most recent report of the independent auditor. b. Copies of the audited financial statements for the last three years. Financial statements must demonstrate that the applicant has minimum capital and surplus, or the equivalent, of at least $250,000,000. If the applicant is an association including incorporated and individual unincorporated underwriters, statements must demonstrate that the applicant has capital and surplus equivalents (net of liabilities) of at least $250,000,000, and a central fund containing a balance of at least $250,000,000. Please note the following requirements with respect to these financial statements: • Audited U.S. GAAP basis statements must be submitted if available. • Audited IFRS basis statements are acceptable but must include an audited footnote reconciling equity and net income to a U.S. GAAP basis. • With the permission of the Commissioner, an applicant may be allowed to submit audited IFRS basis statements with reconciliation to U.S. GAAP certified by an officer of the applicant. The reconciliation of equity and net income must include all adjustments (positive or negative) by line item equal to or greater than 5% of equity and/or in aggregate equal to or greater than 10% of equity where each line item is less than 5% of equity. • Upon the initial certification, the		

	Commissioner may consider audited financial statements for the last three years as filed with the applicant's non-U.S. jurisdiction supervisor. If the Commissioner accepts such statements in the initial filing, the applicant must acknowledge and commit that future financial statement filings will include the appropriate reconciliation to a U.S. GAAP basis, as indicated above. c. A copy of the Actuarial Opinion and other regulatory filings, as filed with the applicant's domiciliary supervisor. [NOTE: Reinsurance-FAWG requires a stand-alone Actuarial Opinion for passporting purposes, or the functional equivalent under the Supervisor's applicable Actuarial Function Holder Regime.		
	Solvent Schemes of Arrangement: The applicant must provide: a. A description of any past, present or proposed future participation in any solvent scheme of arrangement, or similar procedure, involving U.S. ceding insurers. b. A statement that the applicant commits to notify the commissioner of any future proposed participation in any solvent scheme of arrangement, or similar procedure, as soon as practicable.		
	Form CR-1 (For Initial and Renewal Applications): The applicant must provide [insert name of state] Form CR-1, which must be properly executed by an officer authorized to bind the applicant to the commitments set forth in the form. [Insert link to copy of form on state web site.]		
	Fee: **[Insert $ amount of the fee applicable in this state.]**		
	Other Requirements: The applicant must:		

	a. Commit to comply with other reasonable requirements deemed necessary for certification by the certifying state. b. Provide a statement that the applicant agrees to post 100% security upon the entry of an order of rehabilitation or conservation against the ceding insurer or its estate.		
	Public Notice Requirement: The [Commissioner] is required to post notice on the insurance department's website promptly upon receipt of any application for certification, including instructions on how members of the public may respond to the application. The [Commissioner] may not take final action on the application until at least [insert number of days required in the specific state] days after posting such notice. The [Commissioner] will consider any comments received during the public notice period with respect to this application.		

[1] **Protocol for Considering a Group Rating**

Section 8B(4) of the NAIC *Credit for Reinsurance Model Regulation* (#786) provides, in relevant part: "Each certified reinsurer shall be rated on a legal entity basis, **with due consideration being given to the group rating where appropriate**…." Understanding the rating agency basis for utilizing a group rating is a key factor in determining whether an applicant's group rating may be considered appropriate. The recommended protocol for understanding the rationale involves one or more of the following protocol steps:

- For reasons set forth in the rating agency report or its published ratings standards or guidelines, the rating agency utilizes the group rating as a consequence of finding that the company had sufficient interconnectivity with the group;
- For reasons set forth in the rating agency report or its published ratings standards or guidelines, the rating agency enhances the group rating due to the subsidiary's potential benefit of capital support from one or more affiliated companies;
- The group rating was utilized because the subsidiary derives benefit from its inclusion within a financially strong and well-capitalized insurance group;
- The lead state has contacted the rating agency and was provided a written explanation for the use of the group rating;
- Other factors deemed appropriate by the Reinsurance Financial Analysis (E) Working Group; or
- To assist the Lead State in the assessment of the appropriateness of the use of a group rating, applicants are encouraged to provide their rational for the use of a group rating.

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