

**NOTICE OF WORKSHOP
TO SOLICIT COMMENTS ON PROPOSED REGULATIONS
AND WORKSHOP AGENDA**

The State of Nevada, Department of Business and Industry, Division of Insurance (“Division”), is proposing the adoption, amendment or repeal of regulations pertaining to **chapter 681A** of the Nevada Administrative Code (“NAC”). A workshop has been set for **9:30 a.m. on September 21, 2016**, at the following location:

**Nevada Division of Insurance, 1st Floor Hearing Room
1818 E. College Parkway, Suite 103
Carson City, Nevada 89706**

Interested persons may also participate through a simultaneous videoconference conducted at:

**Nevada Division of Insurance, 3rd Floor Conference Room
Bradley Building
2501 E. Sahara Avenue, Suite 302
Las Vegas, Nevada 89104**

The purpose of the workshop is to solicit comments from interested persons on the following general topic(s) that may be addressed in the proposed regulation; and to assist in determining whether the proposed regulation is likely to impose a direct and significant burden upon a small business or directly restricts the formation, operation or expansion of a small business. Please submit any written comments no later than **September 14, 2016**.

LCB File No. R079-16. Certified Reinsurers. (NAC 681A)

A REGULATION relating to insurance; establishing provisions relating to the security of obligations assumed by certain assuming insurers; providing for the certification of an assuming insurer as a reinsurer; providing for the rating of certified reinsurers by the Commissioner of Insurance; establishing criteria for the recognition of a jurisdiction as a qualified jurisdiction by the Commissioner; authorizing the Commissioner to recognize the certification and rating of a reinsurer issued in certain jurisdictions; establishing certain provisions relating to reinsurance contracts; and providing other matters properly relating thereto.

A copy of all materials relating to the proposal(s) may be obtained at the workshop or by visiting the Division’s Internet Web site at <http://doi.nv.gov/> or by contacting the Division, 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706, (775) 687-0700. A reasonable fee for copying may be charged. Members of the public who would like additional information about the proposed regulation may contact Omar Akel, Chief Insurance Examiner, Corporate and Financial Affairs, at (775) 687-0743, or by e-mail to oakel@doi.nv.gov.

Notice of the workshop was provided via electronic means to all persons on the agency's e-mail list for noticing of administrative regulations. This *Notice of Workshop to Solicit Comments on Proposed Regulations* was posted to the agency's Internet Web site at <http://doi.nv.gov/>, the Nevada Legislature's Internet Web site at <http://www.leg.state.nv.us>, and at the following locations:

Department of Business and Industry
Division of Insurance
1818 East College Parkway, Suite 103
Carson City, Nevada 89706

Department of Business and Industry
Division of Insurance
2501 East Sahara Avenue, Suite 302
Las Vegas, Nevada 89104

Legislative Building
401 South Carson Street
Carson City, Nevada 89701

Grant Sawyer Building
555 East Washington Avenue
Las Vegas, Nevada 89101

Blasdel Building
209 East Musser Street
Carson City, Nevada 89701

Capitol Building Main Floor
101 North Carson Street
Carson City, Nevada 89701

Nevada Department of Employment,
Training and Rehabilitation
2800 E. Saint Louis Ave.
Las Vegas, NV 89104

Nevada State Library & Archives
100 North Stewart Street
Carson City, Nevada 89701

Carson City Library
900 North Roop Street
Carson City, Nevada 89701

Churchill County Library
553 South Main Street
Fallon, Nevada 89406

Douglas County Library
P.O. Box 337
Minden, Nevada 89423

Elko County Library
720 Court Street
Elko, Nevada 89801

Esmeralda County Library
P.O. Box 430
Goldfield, Nevada 89013

Eureka Branch Library
P.O. Box 293
Eureka, Nevada 89316

Humboldt County Library
85 East 5th Street
Winnemucca, Nevada 89445

Lander County Library
P.O. Box 141
Battle Mountain, Nevada 89820

Las Vegas-Clark County Library District
7060 W. Windmill Lane
Las Vegas, NV 89113

Lincoln County Library
P.O. Box 330
Pioche, Nevada 89043-0330

Lyon County Library
20 Nevin Way
Yerington, Nevada 89447

Mineral County Public Library
P.O. Box 1390
Hawthorne, Nevada 89415

Pershing County Library
P.O. Box 781
Lovelock, Nevada 89419

Storey County Clerk
P.O. Drawer D
Virginia City, Nevada 89440

Tonopah Public Library
P.O. Box 449
Tonopah, Nevada 89049

Washoe County/Downtown Reno Library
P.O. Box 2151
Reno, Nevada 89505-2151

White Pine County Library
950 Campton Street
Ely, Nevada 89301

Members of the public who are disabled and require special accommodations or assistance at the workshop are requested to notify the Commissioner's secretary, in writing, no later than five (5) working days before the meeting: 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706, or suebell@doi.nv.gov.

DATED this 22nd day of August, 2016.


BARBARA D. RICHARDSON
Commissioner of Insurance

WORKSHOP AGENDA

The State of Nevada, Department of Business and Industry, Division of Insurance

September 21, 2016 • 9:30 a.m.

Location of Workshop:

Office of the Division of Insurance
1818 E. College Pkwy., 1st Floor Hearing Room
Carson City, NV 89706
(Division Offices located in Suite 103)

Available via Videoconference at:

Office of the Division of Insurance
2501 E. Sahara Ave., 3rd Floor Conference Room
Las Vegas, NV 89104
(Division Offices located in Suite 302)

- 1. Call to Order: R079-16.**
- 2. Presentation and Discussion of Proposed Regulation. (For Possible Action)**

LCB File No. R079-16. Certified Reinsurers. (NAC 681A)

A REGULATION relating to insurance; establishing provisions relating to the security of obligations assumed by certain assuming insurers; providing for the certification of an assuming insurer as a reinsurer; providing for the rating of certified

reinsurers by the Commissioner of Insurance; establishing criteria for the recognition of a jurisdiction as a qualified jurisdiction by the Commissioner; authorizing the Commissioner to recognize the certification and rating of a reinsurer issued in certain jurisdictions; establishing certain provisions relating to reinsurance contracts; and providing other matters properly relating thereto.

3. Public Comment.

4. Closure: R079-16.

5. Adjournment.

Supporting public material for this meeting may be requested from Susan Bell, Legal Secretary, Nevada Division of Insurance, 1818 E. College Parkway, Carson City, Nevada 89706, by e-mail to suebell@doi.nv.gov, or by calling (775) 687-0704.

Note: Any agenda item may be taken out of order; items may be combined for consideration by the public body; and items may be pulled or removed from the agenda at any time. The Hearing Officer, within his/her discretion, may allow for public comment on individual agenda items. Public comment may be limited to three minutes per speaker.

Members of the public are encouraged to submit written comments for the record.

We are pleased to make reasonable accommodations for attendees with disabilities. Please notify the Commissioner's secretary, in writing, no later than five (5) working days before the meeting: 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706, or suebell@doi.nv.gov.

NOTICES FOR THIS MEETING HAVE BEEN POSTED IN ACCORDANCE WITH NRS 241 AT THE FOLLOWING LOCATIONS:

Nevada Division of Insurance, 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706

Nevada Division of Insurance, 2501 E. Sahara Avenue, Suite 302, Las Vegas, Nevada 89104

Nevada State Legislative Building, 401 S. Carson Street, Carson City, Nevada 89701

Grant Sawyer State Office Building, 555 E. Washington Avenue, Las Vegas, Nevada 89101

Blasdel State Office Building, 209 E. Musser Street, Carson City, Nevada 89701

Nevada State Capitol, 101 N. Carson Street, Carson City, Nevada 89701

Nevada Dept. of Employment, Training & Rehabilitation, 2800 E. Saint Louis Avenue, Las Vegas, Nevada 89104

The State of Nevada Website (www.nv.gov)

The Nevada State Legislature Website (www.leg.state.nv.us)

The Nevada Division of Insurance Website (www.doi.nv.gov)

**STATE OF NEVADA
DEPARTMENT OF BUSINESS & INDUSTRY
DIVISION OF INSURANCE**

Determination of Necessity - Small Business Impact Statement

LCB File No. R079-16

KINDS OF INSURANCE; REINSURANCE AMENDMENT TO INCLUDE RATING AND PASSPORTING OF CERTIFIED REINSURERS.

EFFECTIVE DATE OF REGULATION:
Upon filing with the Nevada Secretary of State

1. BACKGROUND

The regulation is necessary in order to meet National Association of Insurance Commissioners ("NAIC") Accreditation standards for licensing of certified reinsurers. This regulation is based on NAIC model regulation #786.

The reinsurance companies that are the focus of the majority of this regulation are those that are non-U.S. reinsurance companies. The regulation will facilitate the certification of these non-U.S. reinsurance companies by a state, such as Nevada. Once certified, the reinsurance company can become licensed and then "passport" into other U.S. states to do business in those states. This regulation sets requirements for certification, required security deposit types and levels, rating levels for credits for reinsurance, and the use of specific forms. The regulation also addresses modification of the certification, filing requirements, and reviews by the Commissioner of the certified reinsurers and qualified jurisdictions. It also provides references regarding appropriate letters of credit.

Senate Bill 67 currently allows for certified reinsurers. The regulation is needed to set forth the NAIC Accreditation standards for the process.

2. DESCRIPTION OF SOLICITATION

The certified reinsurers, which are the focus of this regulation, are large conglomerate international companies. Also, certification pursuant to this regulation may ultimately provide more insurance options for small businesses. As a result, no impact statement is necessary.

3. DOES THE PROPOSED REGULATION IMPOSE A DIRECT AND SIGNIFICANT ECONOMIC BURDEN UPON A SMALL BUSINESS OR DIRECTLY RESTRICT THE FORMATION, OPERATION OR EXPANSION OF A SMALL BUSINESS? (NRS 233B.0608.1)


NO (answer #4) YES (skip to #5)

4. HOW WAS THAT CONCLUSION REACHED? (NRS 233B.0608.3)

This regulation does not harm small businesses, but rather could help them get more affordable reinsurance terms by allowing more reinsurers to enter the market.

I, BARBARA D. RICHARDSON, Commissioner of Insurance for the State of Nevada, hereby certify to the best of my knowledge or belief a concerted effort was made to determine the impact of the proposed regulation on small businesses and that this statement was prepared properly and the information contained herein is accurate. (NRS 233B.0608.3)

8/22/16
(DATE)


BARBARA D. RICHARDSON
Commissioner of Insurance


Small Business Impact Statement

LCB File No. R079-16

5. SUMMARY OF COMMENTS RECEIVED FROM SMALL BUSINESSES (NRS 233B.0609.1.a)
N/A
6. ESTIMATED ECONOMIC EFFECT ON SMALL BUSINESSES THE REGULATION IS TO REGULATE (NRS 233B.0609.1.c)
N/A
7. METHODS CONSIDERED TO REDUCE IMPACT ON SMALL BUSINESSES (NRS 233B.0609.1.d)
N/A
8. ESTIMATED COST OF ENFORCEMENT (NRS 233B.0609.1.e)
N/A
9. FEE CHANGES (NRS 233B.0609.1.f)
N/A
10. DUPLICATIVE PROVISIONS (NRS 233B.0609.1.g)
N/A
11. HOW WAS THE ANALYSIS CONDUCTED? (NRS 233B.0609.1.b)
N/A
12. REASONS FOR CONCLUSIONS (NRS 233B.0609.1.h)
N/A

I, BARBARA D. RICHARDSON, Commissioner of Insurance for the State of Nevada, hereby certify to the best of my knowledge or belief a concerted effort was made to determine the impact of the proposed regulation on small businesses and that this statement was prepared properly and the information contained herein is accurate. (NRS 233B.0609.2)

8/22/16
(DATE)


BARBARA D. RICHARDSON
Commissioner of Insurance

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R079-16

August 12, 2016

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: §§1-7, 11 and 15-18, NRS 679B.130 and 681A.130; §8, NRS 679B.130, 681A.130 and 681A.1555; §§9 and 12, NRS 679B.130, 681A.130, 681A.1551, 681A.1552, 681A.1554 and 681A.1555; §10, NRS 679B.130, 681A.130 and 681A.1554; §13, NRS 679B.130, 681A.130 and 681A.1553; §14, NRS 679B.130, 681A.130, 681A.1554 and 681A.1556.

A REGULATION relating to insurance; establishing provisions relating to the security of obligations assumed by certain assuming insurers; providing for the certification of an assuming insurer as a reinsurer; providing for the rating of certified reinsurers by the Commissioner of Insurance; establishing criteria for the recognition of a jurisdiction as a qualified jurisdiction by the Commissioner; authorizing the Commissioner to recognize the certification and rating of a reinsurer issued in certain jurisdictions; establishing certain provisions relating to reinsurance contracts; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law authorizes the Commissioner of Insurance to adopt regulations to carry out the provisions of existing law relating to reinsurance. (NRS 681A.130) Existing law also requires a credit for reinsurance ceded to an assuming insurer to be allowed if the assuming insurer is certified as a reinsurer by the Commissioner. (NRS 681A.155) **Section 8** of this regulation establishes requirements for the security which must be held by or on behalf of a ceding insurer to secure the obligation assumed by a certified reinsurer. **Section 9** of this regulation establishes the process and requirements for the certification of an assuming insurer as a certified reinsurer. **Section 10** of this regulation provides for the rating of a certified insurer by the Commissioner and authorizes the Commissioner to adjust the security requirement established by **section 8** for a certified reinsurer in certain circumstances. **Section 11** of this regulation requires the Commissioner to keep confidential information submitted by a certified reinsurer which is not otherwise public information. **Section 12** of this regulation provides for the modification, suspension or revocation of the certification of a certified reinsurer.

Existing law allows for an assuming insurer which is licensed and domiciled in a “qualified jurisdiction” to be considered for certification by the Commissioner as a certified reinsurer. (NRS 681A.1553) **Section 13** of this regulation establishes the process and criteria that

the Commissioner must use in determining whether to recognize a domiciliary jurisdiction of an assuming insurer as a qualified jurisdiction. **Section 14** of this regulation authorizes the Commissioner to recognize the certification and rating of an assuming insurer as a reinsurer issued by certain jurisdictions and deem the assuming insurer to hold the equivalent certification and rating in this State.

Existing regulations provide, in certain circumstances, that a reinsurance agreement must include certain provisions for credit to be granted, or an asset or reduction from liability to be allowed, to a ceding insurer. (NAC 681A.375) **Section 15** of this regulation requires a reinsurance agreement to include a funding clause relating to the security that must be provided and maintained by a certified reinsurer. **Section 18** of this regulation requires a reinsurance agreement to include a reinsurance intermediary clause, if applicable, stipulating that the credit risk for the intermediary is carried by the assuming insurer.

Section 1. Chapter 681A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 16, inclusive, of this regulation.

Sec. 2. *“Assuming insurer” means an insurer that accepts all or part of a ceding insurer’s insurance or reinsurance obligation on a risk or exposure basis.*

Sec. 3. *“Ceding insurer” means an insurer that transfers an insurance or reinsurance obligation to an assuming insurer on a risk or exposure basis.*

Sec. 4. *As used in sections 4 to 16, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 5 and 6 of this regulation have the meanings ascribed to them in those sections.*

Sec. 5. *“Certified reinsurer” means an assuming insurer that is certified as a reinsurer by the Commissioner pursuant to section 9 of this regulation.*

Sec. 6. *“Qualified jurisdiction” means a jurisdiction which is recognized by the Commissioner as qualified pursuant to section 13 of this regulation.*

Sec. 7. *As used in NRS 681A.1553, the Commissioner interprets the term “reinsurance supervisory system” to mean a system for regulatory oversight performed by the domiciliary jurisdiction of an assuming insurer domiciled outside of the United States.*

Sec. 8. 1. *The Commissioner will allow a ceding insurer to claim a financial statement credit for an insurance or reinsurance obligation ceded by the ceding insurer to an assuming insurer that has been a certified reinsurer in this State at all times for which the credit is claimed.*

2. *Except as otherwise provided in subsections 4 and 5 and subsection 4 of section 10 of this regulation, to qualify for a credit, the security held by or on behalf of the ceding insurer must:*

(a) Be in a form consistent with the provisions of NRS 681A.155 to 681A.1557, inclusive, 681A.180 and 681A.240 and NAC 681A.250 to 681A.380, inclusive; and

(b) Be in not less than an amount based on the rating assigned to the certified reinsurer by the Commissioner pursuant to NRS 681A.1554 and section 10 of this regulation as follows:

(1) For a certified reinsurer rated Secure — 1, 0 percent of the insurance or reinsurance obligation accepted by the certified reinsurer.

(2) For a certified reinsurer rated Secure — 2, 10 percent of the insurance or reinsurance obligation accepted by the certified reinsurer.

(3) For a certified reinsurer rated Secure — 3, 20 percent of the insurance or reinsurance obligation accepted by the certified reinsurer.

(4) For a certified reinsurer rated Secure — 4, 50 percent of the insurance or reinsurance obligation accepted by the certified reinsurer.

(5) For a certified reinsurer rated Secure — 5, 75 percent of the insurance or reinsurance obligation accepted by the certified reinsurer.

(6) For a certified reinsurer rated Vulnerable — 6, 100 percent of the insurance or reinsurance obligation accepted by the certified reinsurer.

3. An insurance or reinsurance obligation transferred from a ceding insurer to a certified reinsurer that is affiliated with the ceding insurer is subject to the requirements relating to security described in subsection 2.

4. Upon the entry of an order of rehabilitation, liquidation or conservation against the ceding insurer, a certified reinsurer shall post security for 100 percent of the insurance or reinsurance obligation accepted by the certified reinsurer for the benefit of the ceding insurer or its estate.

5. A certified reinsurer may defer posting security for an amount recoverable due to catastrophe for a period of 1 year after the date of the first instance of a liability reserve entry by the ceding insurer as a result of a loss from a catastrophic occurrence as recognized by the Commissioner. A certified reinsurer may defer posting security pursuant to this subsection only:

(a) If the certified reinsurer continues to pay claims in a timely manner during the deferral period; and

(b) For the following lines of business, as reported on the annual financial statement filed by the ceding insurer with the Commissioner and related specifically to the catastrophic occurrence:

(1) Line 1: Fire.

(2) Line 2: Allied lines.

(3) Line 3: Farm owners multiple peril.

(4) Line 4: Homeowners multiple peril.

(5) Line 5: Commercial multiple peril.

(6) Line 9: Inland marine.

(7) Line 12: Earthquake.

(8) Line 21: Auto physical damage.

6. The Commissioner will allow a ceding insurer to claim a financial statement credit for reinsurance ceded by the ceding insurer to a certified reinsurer only for a reinsurance contract entered into:

(a) On or after the effective date of the certification of the certified reinsurer; or

(b) Before the effective date of the certification of the certified reinsurer which is subsequently amended after the effective date of the certification of the certified reinsurer, or for which a new reinsurance contract is entered into covering any risk for which collateral was provided previously, only for losses incurred and reserves reported on or after the effective date of the amendment or new contract.

7. Nothing in this section shall be construed to prohibit the parties to a reinsurance contract from agreeing to provisions that establish security requirements which exceed the requirements established in paragraph (b) of subsection 2.

Sec. 9. 1. The Commissioner will post notice on the Internet website maintained by the Division promptly upon receipt of an application for certification as a certified reinsurer, which must include, without limitation, instructions for responding to the application by members of the public. The Commissioner will not take final action on an application until at least 30 days after posting the notice required by this subsection.

2. Except as otherwise provided in section 14 of this regulation, to be eligible for certification as a certified reinsurer, an assuming insurer must:

(a) Maintain capital and surplus, or its equivalent, in an amount of not less than \$250,000,000 calculated based on the documents described in paragraphs (f) and (g) of

subsection 3 of section 10 of this regulation. An association that includes incorporated and individual unincorporated underwriters which has minimum capital and surplus equivalents, net of liabilities, of not less than \$250,000,000 and a central fund that contains a balance of not less than \$250,000,000 shall be deemed to satisfy the requirements of this paragraph.

(b) Maintain financial strength ratings from two or more rating agencies determined to be acceptable by the Commissioner. To satisfy the requirements of this paragraph, a financial strength rating must be based on interactive communication between the rating agency and the assuming insurer and must not be based solely on publicly available information. Rating agencies deemed acceptable by the Commissioner include, without limitation:

(1) S & P Global Ratings;

(2) Moody's Investors Service, Inc.;

(3) Fitch Ratings;

(4) A.M. Best Company, Inc.; and

(5) Any other nationally recognized statistical rating organization.

(c) File with the Division a properly executed Form CR-1 as evidence that the assuming insurer has complied with the provisions of subsection 4 of NRS 681A.1551. The Commissioner will not accept a Form CR-1, Certificate of Certified Reinsurer, from an assuming insurer that is domiciled in a jurisdiction that the Commissioner has determined does not adequately and promptly enforce final judgments rendered by a court of competent jurisdiction in the United States or arbitration awards. A copy of Form CR-1 may be obtained free of charge from the Division at the Internet address <http://doi.nv.gov/Insurers/Company-Admissions/Annual-Renewals-of-Company-License/>.

(d) Satisfy the requirements of NRS 681A.1551.

(e) Satisfy any other requirement reasonably imposed by the Commissioner.

3. If the Commissioner determines that an assuming insurer that has submitted an application for certification as a reinsurer has satisfied the requirements of this section and NRS 681A.1551, the Commissioner will issue a written notice to the assuming insurer that it has been approved as a certified reinsurer. Such a notice must include, without limitation, the rating assigned to the certified reinsurer by the Commissioner pursuant to section 10 of this regulation.

Sec. 10. 1. Except as otherwise provided in section 14 of this regulation, the Commissioner will assign a rating to each certified reinsurer pursuant to NRS 681A.1554. When determining the rating for a certified reinsurer, the Commissioner will evaluate the certified reinsurer as a separate entity from any group in which it may be a member, but the Commissioner may give consideration to the group in which a certified reinsurer is a member if the Commissioner determines such consideration would be appropriate. The Commissioner may evaluate an association that includes incorporated and individual unincorporated underwriters that has been approved to do business as a certified reinsurer on the basis of its group rating.

2. The Commissioner will determine the maximum rating that he or she may assign to a certified reinsurer on the basis of the financial strength ratings assigned to the certified reinsurer by two or more rating agencies determined to be acceptable by the Commissioner. The Commissioner will use the lowest financial strength rating received by the certified reinsurer to establish a maximum rating for the certified reinsurer in accordance with the following table:

<i>Maximum rating</i>	<i>A.M. Best</i>	<i>S & P Global</i>	<i>Moody's</i>	<i>Fitch Ratings</i>
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	<i>Company, Inc.</i>	<i>Ratings</i>	<i>Investors Service, Inc.</i>	
<i>Secure — 1</i>	<i>A++</i>	<i>AAA</i>	<i>Aaa</i>	<i>AAA</i>
<i>Secure — 2</i>	<i>A+</i>	<i>AA+, AA, AA-</i>	<i>Aa1, Aa2, Aa3</i>	<i>AA+, AA, AA-</i>
<i>Secure — 3</i>	<i>A</i>	<i>A+, A</i>	<i>A1, A2</i>	<i>A+, A</i>
<i>Secure — 4</i>	<i>A-</i>	<i>A-</i>	<i>A3</i>	<i>A-</i>
<i>Secure — 5</i>	<i>B++, B+</i>	<i>BBB+, BBB, BBB-</i>	<i>Baa1, Baa2, Baa3</i>	<i>BBB+, BBB, BBB-</i>
<i>Vulnerable — 6</i>	<i>B, B-, C++, C+, C, C-, D, E, F</i>	<i>BB+, BB, BB-, B+, B, B-, CCC, CC, D, R, SD</i>	<i>Ba1, Ba2, Ba3, B1, B2, B3, Caa, Ca, C</i>	<i>BB+, BB, BB-, B+, B, B-, CCC, CC, C</i>

3. When determining whether to assign the maximum rating pursuant to subsection 2 or a lower rating to a certified reinsurer, the Commissioner may consider factors which include, without limitation:

(a) The business practices of the certified reinsurer in dealing with its ceding insurers, including, without limitation, its record of compliance with the terms and obligations of reinsurance contracts.

(b) For a certified reinsurer domiciled in the United States, a review of the most recent annual financial statement, Schedule F for property or casualty insurers or Schedule S for life and health insurers, as appropriate, filed by the insurer.

(c) For a certified reinsurer not domiciled in the United States, an annual review of Form CR-F for property or casualty insurers or Form CR-S for life and health insurers, as appropriate, filed by the insurer.

(d) The reputation of the certified reinsurer for prompt payment of claims under reinsurance contracts based on an analysis of the reporting of overdue reinsurance recoverables by ceding insurers on Schedule F, including, without limitation, the proportion of obligations that are more than 90 days past due or are in dispute, with specific attention given to obligations payable to companies that are in administrative supervision or receivership.

(e) Any regulatory action against the certified reinsurer.

(f) For a certified reinsurer domiciled in the United States, financial statements audited on the basis of generally accepted accounting principles, regulatory filings and actuarial opinions.

(g) For a certified insurer domiciled outside of the United States, the immediately preceding 3 years' financial statements audited on the basis of generally accepted accounting principles in the United States or basis statements audited on the basis of international financial reporting standards which include an audited footnote reconciling equity and net income on the basis of generally accepted accounting principles in the United States or, with the permission of the Commissioner, which are certified by an officer of the certified reinsurer to be reconciled with generally accepted accounting principles in the United States, regulatory filings and actuarial opinions as filed with the appropriate supervisor in the jurisdiction.

(h) The report of an independent auditor on the financial statements described in paragraph (f) or (g), as applicable, of the certified reinsurer.

(i) The liquidation priority of obligations to a ceding insurer in the domiciliary jurisdiction of the certified reinsurer during an insolvency proceeding.

(j) The participation of the certified reinsurer in any solvent scheme of arrangement or similar procedure which involved ceding insurers domiciled in the United States. A certified reinsurer shall provide notice to the Commissioner before the certified reinsurer proposes to participate in a solvent scheme of arrangement or similar procedure.

(k) Any other information that the Commissioner determines is relevant.

4. The Commissioner may adjust the security that a certified reinsurer is required to post pursuant to paragraph (b) of subsection 2 of section 8 of this regulation to protect the liabilities of the certified reinsurer to its ceding insurers on the basis of the reputation of the certified reinsurer for prompt payment of claims as described in paragraph (d) of subsection 3. The Commissioner will, at a minimum, deem a certified insurer to be one rating lower for the purpose of posting security if the Commissioner finds that:

(a) More than 15 percent of the ceding insurers of the certified reinsurer have reinsurance recoverables on paid losses which are overdue by 90 days or more that are not in dispute and exceed \$100,000 for each ceding insurer; or

(b) The aggregate amount of reinsurance recoverables on paid losses which are overdue by 90 days or more that are not in dispute exceeds \$50,000,000.

5. Each certified insurer shall submit to the Commissioner with its initial application and on an ongoing basis thereafter:

(a) Notification within 10 days after any regulatory action taken against the certified reinsurer, any change in the provisions of its domiciliary license or any change in rating by an

approved rating agency which includes a statement describing the action or change and the reasons therefor;

(b) Form CR-1, CR-F or CR-S, as applicable, updated annually;

(c) The information described in paragraph (f) or (g) of subsection 3, as applicable, updated annually;

(d) The report of an independent auditor on the financial statement submitted pursuant to paragraph (c), updated annually;

(e) A list of all disputed and overdue reinsurance claims regarding reinsurance assumed from ceding insurers domiciled in the United States, updated not less than annually;

(f) Certification from the domestic regulator of the certified reinsurer that the certified reinsurer is in good standing and maintains capital in excess of the highest regulatory action level of the jurisdiction; and

(g) Any other information that the Commissioner may reasonably require.

6. Upon receipt of information indicating that a rating agency has upgraded or downgraded a certified reinsurer or that some other relevant circumstance has occurred, the Commissioner will reevaluate the rating assigned to a certified reinsurer and, if the Commissioner determines that a different rating is appropriate, provide written notice to the certified reinsurer that a different rating has been assigned. If the Commissioner upgrades the rating of a certified reinsurer, the upgraded rating applies to any reinsurance contract entered into by the certified reinsurer after the date of the written notice and the previous rating applies to any reinsurance contract entered into by the certified reinsurer on or before the date of the written notice. If the Commissioner downgrades the rating of a certified reinsurer, the downgraded rating applies to all reinsurance contracts of the certified reinsurer.

7. A copy of Form CR-1, Form CR-F and Form CR-S may be obtained free of charge from the Division at the Internet address <http://doi.nv.gov/Insurers/Company-Admissions/Annual-Renewals-of-Company-License/>.

Sec. 11. Except as otherwise provided in NRS 239.0115, all information submitted by a certified reinsurer pursuant to sections 4 to 14, inclusive, of this regulation, which is not otherwise public information, must be kept confidential by the Commissioner.

Sec. 12. 1. The Commissioner may modify, suspend or revoke the certification of a certified reinsurer if:

(a) The certified insurer violates any provision of sections 4 to 16, inclusive, of this regulation; or

(b) The Commissioner determines that financial or operating results of the certified reinsurer or documented significant delays in payment by the certified reinsurer indicate that the certified reinsurer is unable or unwilling to meet its contractual obligations.

2. Except as otherwise provided in this subsection, if the Commissioner revokes the certification as a reinsurer issued to an assuming insurer, a ceding insurer may not claim a financial statement credit for an insurance or reinsurance obligation ceded to the assuming insurer unless the assuming insurer posts security in accordance with NRS 681A.240. If the assuming insurer maintains a trust fund in accordance with NRS 681A.180, the Commissioner may allow a ceding insurer to claim an additional credit equal to the ceding insurer's pro rata share in such a fund, reduced by an amount appropriate to reflect the risk of uncollectibility and anticipated expenses of administering the trust. The Commissioner will allow a financial statement credit for a ceding insurer that has ceded an insurance or reinsurance obligation to an assuming insurer which had its certification as a certified

reinsurer revoked for a period of 3 months after the revocation for all reinsurance ceded to that certified reinsurer unless the reinsurance is found by the Commissioner to be at a high risk of uncollectibility.

Sec. 13. 1. *To determine whether the domiciliary jurisdiction of an assuming insurer domiciled outside of the United States is eligible to be recognized as a qualified jurisdiction pursuant to subsection 2 of NRS 681A.1553, the Commissioner will evaluate the following factors:*

- (a) The framework under which an assuming insurer in the jurisdiction is regulated;*
- (b) The structure and authority of the regulator of an assuming insurer in the jurisdiction with regard to requirements for the regulation of solvency and financial surveillance;*
- (c) The substance of financial and operating standards for an assuming insurer in the jurisdiction;*
- (d) The form and substance of financial reports required to be filed or made publicly available by a reinsurer in the jurisdiction and the accounting principles used in the jurisdiction;*
- (e) The willingness of the regulator of an assuming insurer in the jurisdiction to cooperate with the Commissioner and with regulators in the United States in general;*
- (f) The history of performance by assuming insurers in the jurisdiction;*
- (g) Any documented evidence of substantial problems with enforcement in the jurisdiction of final judgments by courts of competent jurisdiction in the United States or of arbitration awards;*

(h) Any relevant international standards or guidance regarding mutual recognition of reinsurance supervision adopted by the International Association of Insurance Supervisors or its successor organization; and

(i) Any other information determined to be relevant by the Commissioner.

2. The Commissioner will not recognize as a qualified jurisdiction a jurisdiction which does not:

(a) Agree to share information and cooperate with the Commissioner regarding all certified reinsurers domiciled within the jurisdiction; or

(b) As determined by the Commissioner, adequately and promptly enforce final judgments by courts of competent jurisdiction in the United States or arbitration awards.

3. The Commissioner will recognize as a qualified jurisdiction a jurisdiction that meets the requirements for accreditation under the National Association of Insurance Commissioners' financial standards and accreditation program as a qualified jurisdiction and include each such jurisdiction on the list published pursuant to NRS 681A.1553.

4. The Commissioner will consider the list of qualified jurisdictions published by the National Association of Insurance Commissioners in determining whether a jurisdiction is a qualified jurisdiction. If the Commissioner determines that a jurisdiction which does not appear on such a list is a qualified jurisdiction, the Commissioner will document and make available the rationale for his or her decision, which must include, without limitation, a discussion of the factors described in subsection 1 as applied to the jurisdiction.

5. The Commissioner will regularly update the list of qualified jurisdictions published pursuant to NRS 681A.1553.

Sec. 14. 1. If an assuming insurer has been certified as a reinsurer by a jurisdiction which is accredited by the National Association of Insurance Commissioners and submits to the Division a properly executed Form CR-1 and any additional information required by the Commissioner, the Commissioner may, if he or she agrees with the action of that jurisdiction after reviewing all information submitted to the Commissioner, deem the assuming insurer to be a certified reinsurer in this State and hold in this State the rating assigned to the assuming insurer in that jurisdiction.

2. An assuming insurer deemed to be a certified reinsurer pursuant to subsection 1 shall notify the Commissioner of any change in its status or rating in the certifying jurisdiction within 10 days after it receives notice of the change. Unless the Commissioner withdraws recognition of the certifying jurisdiction's certification or rating pursuant to subsection 3, such a change shall be deemed to apply in this State.

3. The Commissioner may, upon written notice to the assuming insurer, withdraw recognition of the certifying jurisdiction's certification or rating at any time. If the Commissioner withdraws recognition of the certifying jurisdiction's rating, the Commissioner will evaluate the assuming insurer and issue a rating to the assuming insurer pursuant to section 10 of this regulation. If the Commissioner withdraws recognition of the certifying jurisdiction's certification, the assuming insurer shall, unless the Commissioner suspends or revokes its certification pursuant to subsection 1 of section 12 of this regulation, continue to be deemed a certified reinsurer for 3 months after the date on which the Commissioner withdraws recognition, which the Commissioner may extend if he or she determines additional time is necessary to consider an application of the assuming insurer for certification as a reinsurer in this State.

Sec. 15. *In addition to the requirements in NAC 681A.375, a reinsurance agreement entered into pursuant to sections 4 to 16, inclusive, of this regulation must include a funding clause which requires the certified reinsurer to provide and maintain security in an amount sufficient to avoid the imposition of any financial statement penalty on the ceding insurer for an insurance or reinsurance obligation ceded to the certified reinsurer.*

Sec. 16. *The Commissioner will comply with all requirements for reporting and notification relating to certified reinsurers and qualified jurisdictions that may be established by the National Association of Insurance Commissioners.*

Sec. 17. NAC 681A.340 is hereby amended to read as follows:

681A.340 1. A letter of credit issued for the purposes of NRS 681A.240 must stipulate that:

(a) To obtain money the beneficiary need only draw and present a sight draft under the letter of credit;

(b) The letter is not subject to any conditions or qualifications outside of the letter of credit, except as provided in a reinsurance agreement in conjunction with which the letter of credit is obtained; and

(c) The obligation of the qualified financial institution in the United States under the letter of credit is not contingent upon reimbursement with respect thereto.

2. A letter of credit must be clean, irrevocable, unconditional and issued or confirmed by a qualified financial institution in the United States, as described in NRS 681A.240, which is authorized to issue letters of credit. If a letter of credit is issued by a financial institution other than a qualified financial institution in the United States:

(a) The financial institution shall formally designate a qualified financial institution in the United States to confirm the letter of credit and to act as an agent for the receipt and payment of drafts; and

(b) The letter of credit must comply with the provisions of this section.

3. A letter of credit must contain a date of issuance and a date of expiration. The term of a letter of credit must be for at least 1 year. A letter of credit must contain a clause which prevents the expiration of the letter of credit without due notice from the issuer. The clause must require at least 30 days' notice before the expiration or nonrenewal of the letter of credit.

4. A letter of credit must state whether it is subject to and governed by the laws of this State or ~~Publication 500 of~~ the *Uniform Customs and Practice for Documentary Credits* or *International Standby Practices* of the International Chamber of Commerce, and all drafts drawn thereunder must be presentable at an office in the United States of a qualified financial institution in the United States. ~~{A copy of Publication 500 may be obtained from the International Chamber of Commerce Publishing, Inc., 156 Fifth Avenue, Suite 417, New York, New York 10010, for the price of \$14.95.}~~

5. If a letter of credit is made subject to ~~Publication 500 of~~ the *Uniform Customs and Practice for Documentary Credits* or *International Standby Practices* of the International Chamber of Commerce, the letter of credit must provide for an extension of time to draw against the letter of credit if one or more of the events specified in Article ~~19~~ 36 of ~~Publication 500~~ the *Uniform Customs and Practice for Documentary Credits* occurs.

6. A letter of credit may be used to reduce any liability for reinsurance ceded to an unauthorized assuming insurer in financial statements required to be filed with the Division, if an acceptable letter of credit with the ceding insurer as beneficiary has been issued on or before the

date the financial statement of the ceding insurer is filed. The allowable reduction for the letter of credit is the amount available under the letter of credit, except that the reduction may not exceed the specific obligation under the reinsurance agreement which the letter of credit was intended to secure.

7. A letter of credit must not contain a reference to any other agreements, documents or entities except as otherwise provided in NAC 681A.350. The heading of a letter of credit may include a boxed section containing the name of the applicant and other appropriate notations to provide a reference for the letter of credit. Such a boxed section must be clearly marked to indicate that the information contained within the boxed section is for internal identification purposes only.

8. *The Commissioner hereby adopts by reference:*

(a) The most recent version of the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce, unless the Commissioner gives notice pursuant to subsection 9 that the most recent version is not suitable for this State. The publication may be obtained from the United States Council for International Business Bookstore by telephone at (212) 703-5066 or at the Internet address <http://store.internationaltradebooks.org>, for the price of \$25.

(b) The most recent version of the International Standby Practices of the International Chamber of Commerce, unless the Commissioner gives notice pursuant to subsection 9 that the most recent version is not suitable for this State. The publication may be obtained from the United States Council for International Business Bookstore by telephone at (212) 703-5066 or at the Internet address <http://store.internationaltradebooks.org>, for the price of \$15.

9. The Commissioner will review each successive edition of the publications adopted by reference pursuant to subsection 8 to ensure their suitability for this State. If the Commissioner determines that an edition is not suitable for this State, the Commissioner will hold a public hearing within 6 months after the date the publication was revised to review his or her determination. If the Commissioner does not revise his or her determination, the Commissioner will give notice within 30 days after the hearing that the revised edition of the publication is not suitable for this State.

10. The Commissioner will post on an Internet website of the Division a notice of the currently effective editions of the publications adopted by the Commissioner pursuant to subsection 8 and the date of adoption.

Sec. 18. NAC 681A.375 is hereby amended to read as follows:

681A.375 Credit will not be granted, or an asset or reduction from liability allowed, to a ceding insurer for reinsurance transacted with assuming insurers that meet the requirements of NRS 681A.140 to 681A.240, inclusive, and NAC 681A.250 to 681A.380, inclusive, unless the reinsurance agreement includes:

1. A proper insolvency clause pursuant to NRS 681A.230; ~~and~~
2. If the assuming insurer is an unauthorized assuming insurer, a provision in accordance with NRS 681A.210 whereby the assuming insurer has:
 - (a) Agreed to submit to the jurisdiction of an alternative dispute panel or court of competent jurisdiction within the United States;
 - (b) Agreed to comply with all requirements necessary to give the court or panel jurisdiction;
 - (c) Designated an agent upon whom all legal process may be served; and
 - (d) Agreed to abide by the final decision of the court or panel ~~and~~; *and*

3. *A reinsurance intermediary clause, if applicable, which stipulates that the credit risk for the intermediary is carried by the assuming insurer.*

Supplemental Reference Materials
To Proposed Regulation
LCB File No. R079-16

Includes:

- 1. Form CR-1**
Certificate of Certified Reinsurer
- 2. Form CR-S**
Index
Part 1 – Section 1
Part 1 – Section 2
Part 2
Part 3 – Section 1
Part 3 – Section 2
- 3. Form CR-F**
Part 1
Part 2



FORM CR - 1

CERTIFICATE OF CERTIFIED REINSURER

I, _____, _____ of
(Name of Officer) (Title of Officer)

_____, the assuming insurer under a reinsurance
(Name of Assuming Insurer)

agreement with one or more insurers domiciled in _____, in order to be considered for approval
(Name of State)

in this state, hereby certify that _____ (“Assuming Insurer”):
(Name of Assuming Insurer)

1. Submits to the jurisdiction of any court of competent jurisdiction in _____ for the
(Ceding Insurer's State of Domicile)
adjudication of any issues arising out of the reinsurance agreement, agrees to comply with all requirements necessary to give such court jurisdiction, and will abide by the final decision of such court or any appellate court in the event of an appeal. Nothing in this paragraph constitutes or should be understood to constitute a waiver of Assuming Insurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. This paragraph is not intended to conflict with or override the obligation of the parties to the reinsurance agreement to arbitrate their disputes if such an obligation is created in the agreement.

2. Designates the Insurance Commissioner of _____ as its lawful attorney upon whom may be
(Ceding Insurer's State of Domicile)
served any lawful process in any action, suit or proceeding arising out of the reinsurance agreement instituted by or on behalf of the ceding insurer.

3. Agrees to provide security in an amount equal to 100% of liabilities attributable to U.S. ceding insurers if it resists enforcement of a final U.S. judgment or properly enforceable arbitration award.

4. Agrees to provide notification within 10 days of any regulatory actions taken against it, any change in the provisions of its domiciliary license or any change in its rating by an approved rating agency, including a statement describing such changes and the reasons therefore.

5. Agrees to annually file information comparable to relevant provisions of the NAIC financial statement for use by insurance markets pursuant to NRS 681A.160.

6. Agrees to annually file the report of the independent auditor on the financial statements of the insurance enterprise.

7. Agrees to annually file audited financial statements, regulatory filings, and actuarial pursuant to NRS 681A.160.

8. Agrees to annually file an updated list of all disputed and overdue reinsurance claims regarding reinsurance assumed from U.S. domestic ceding insurers.

9. Is in good standing as an insurer or reinsurer with the supervisor of its domiciliary jurisdiction.

Dated: _____ BY: _____
(Name of Assuming Insurer) (Name of Officer)

(Title of Officer)



FORM CR-S INDEX

- Part 1, Section 1 – Reinsurance Assumed Life Insurance Annuities, Deposit Funds and Other Liabilities Without Life or Disability Contingencies, and Related Benefits
- Part 1, Section 2 – Reinsurance Assumed Accident and Health Insurance
- Part 2 – Reinsurance Recoverable on Paid and Unpaid Losses
- Part 3, Section 1 – Reinsurance Ceded Life Insurance, Annuities, Deposit Funds and Other Liabilities Without Life or Disability Contingencies, and Related Benefits
- Part 3, Section 2 – Reinsurance Ceded Accident and Health Insurance Attachment Six



**FORM CR-S – PART 1 – SECTION 1
REINSURANCE ASSUMED
LIFE INSURANCE, ANNUITIES,
DEPOSIT FUNDS AND OTHER LIABILITIES
WITHOUT LIFE OR DISABILITY CONTINGENCIES, AND RELATED
BENEFITS LISTED BY REINSURED
COMPANY AS OF DECEMBER 31, (MOST RECENT YEAR-END)**

Form CR-S Part 1, Section 1 must be reported by an assuming insurer upon initial application for status as a Certified Reinsurer, and on an annual basis thereafter so long as the Certified Reinsurer maintains certification. Amounts are to be reported in U.S. dollars with thousands omitted. All dates reported in Form CR-S must be in the format MM/DD/YYYY. For example, the date December 13, 2011 should be reported as 12/13/2011. The Certified Reinsurer's rating and collateral requirement, as assigned by the certifying state, and the effective date of such rating, must be included on this form with respect to each filing that is submitted subsequent to certification.

Part 1, Section 1 provides information on all reinsurance assumed for life insurance, annuities, deposit fund and other liabilities without life or disability contingencies, and related benefits from ceding insurers domiciled in the U.S. and abroad. Part 1, Section 1 data may be reported on an aggregate basis as opposed to reporting data applicable to each individual ceding insurer. However, reporting entities are required to segregate and subtotal this aggregate information in accordance with the categories listed below, as applicable.*

*Note: Additional Instructions for Assuming Insurers Subject to Filing Schedule S Part 1 of the NAIC Annual Statement – In certain cases, a non-U.S. domiciled assuming insurer is required to file annually a Schedule S Part 1 from the NAIC Annual Statement. The Schedule S Part 1 filing is submitted to a U.S. state in which the assuming insurer maintains a trust fund in a qualified U.S. financial institution for the payment of the valid claims of its U.S. ceding insurers with respect to U.S. reinsurance it has assumed under a status other than as a Certified Reinsurer. The purpose of the Schedule S Part 1 filing is to enable the commissioner of the state in which the trust is domiciled to determine the sufficiency of the trust fund, and its Form CR-S filing does not affect this Schedule S Part 1 filing requirement. The assuming insurer's Schedule S Part 1 should only include U.S. reinsurance it has assumed that is supported by this trust.

In such cases, the assuming insurer may exclude from Form CR-S Part 1 U.S. reinsurance assumed that is reported in its Schedule S Part 1. However, the assuming insurer must attach a copy of its Schedule S Part 1 filing with its Form CR-S, and must clearly indicate on Form CR-S Part 1 that its U.S. reinsurance assumed is reported in this manner (i.e., its Form CR-S Part 1 includes non-U.S. reinsurance assumed and U.S. reinsurance assumed under its Certified Reinsurer status, while its attached Schedule s Part 1 includes U.S. reinsurance it has assumed under a status other than as a Certified Reinsurer).

<u>Group or Category</u>	<u>Line Number</u>
General Account	
Affiliates	
U.S. Affiliates.....	0199999
Non-U.S. Affiliates.....	0299999
Total Affiliates.....	0399999
Non-Affiliates	
U.S. Non-Affiliates.....	0499999
Non-U.S. Non-Affiliates.....	0599999
Total Non-Affiliates.....	0699999
Total General Account.....	0799999

Separate Accounts

Affiliates	
U.S. Affiliates	0899999
Non-U.S. Affiliates	0999999
Total Affiliates	1099999
Non-Affiliates	
U.S. Non-Affiliates.....	1199999
Non-U.S. Non-Affiliates.....	1299999
Total Non-Affiliates.....	1399999
Total Separate Accounts	1499999
Total U.S. (Sum of 0199999, 0499999, 0899999, and 1199999).....	1599999
Total Non-U.S. (Sum of 0299999, 0599999, 0999999, and 1299999).....	1699999
Total (Sum of 1599999 and 1699999).....	1799999

Column Descriptions

Column 7	–	Amount in Force at End of Year
		For catastrophe-reinsurance (CAT), disability reinsurance (DIS), accidental death benefit reinsurance (ADB) and annuity reinsurance (ACO and AMCO), leave this column blank.
Column 9	–	Premiums
		For deposit funds and other liabilities without life or disability contingencies, leave this column blank.
Column 10	–	Reinsurance Payable on Paid and Unpaid Losses

For deposit funds and other liabilities without life or disability contingencies, leave this column blank.

Column 11 – Modified Coinsurance Reserve

Report the amount of reserves held by the ceding company under modified coinsurance contracts.

Include separate accounts modified coinsurance reserves.

Column 12 – Funds Withheld Under Coinsurance

Report the amount of funds withheld by the ceding company on coinsurance contracts.



**FORM CR-S – PART 1 – SECTION 2
REINSURANCE ASSUMED
ACCIDENT AND HEALTH INSURANCE
LISTED BY REINSURED COMPANY
AS OF DECEMBER 31, (MOST RECENT YEAR-END)**

Form CR-S Part 1, Section 2 must be reported by an assuming insurer upon initial application for status as a Certified Reinsurer, and on an annual basis thereafter so long as the Certified Reinsurer maintains certification. Amounts are to be reported in U.S. dollars with thousands omitted. All dates reported in Form CR-S must be in the format MM/DD/YYYY. For example, the date December 13, 2011 should be reported as 12/13/2011. The Certified Reinsurer's rating and collateral requirement, as assigned by the certifying state, and the effective date of such rating, must be included on this form with respect to each filing that is submitted subsequent to certification.

Part 1, Section 2 provides information on all reinsurance assumed for accident and health insurance from ceding insurers domiciled in the U.S. and abroad. Amounts are to be reported in U.S. dollars with thousands omitted. Part 1, Section 2 data may be reported on an aggregate basis as opposed to reporting data applicable to each individual ceding insurer. However, reporting entities are required to segregate and subtotal this aggregate information in accordance with the categories listed below, as applicable.*

*Note: Additional Instructions for Assuming Insurers Subject to Filing Schedule S Part 1 of the NAIC Annual Statement – In certain cases, a non-U.S. domiciled assuming insurer is required to file annually a Schedule S Part 1 from the NAIC Annual Statement. The Schedule S Part 1 filing is submitted to a U.S. state in which the assuming insurer maintains a trust fund in a qualified U.S. financial institution for the payment of the valid claims of its U.S. ceding insurers with respect to U.S. reinsurance it has assumed under a status other than as a Certified Reinsurer. The purpose of the Schedule S Part 1 filing is to enable the commissioner of the state in which the trust is domiciled to determine the sufficiency of the trust fund, and its Form CR-S filing does not affect this Schedule S Part 1 filing requirement. The assuming insurer's Schedule S Part 1 should only include U.S. reinsurance it has assumed that is supported by this trust. In such cases, the assuming insurer may exclude from Form CR-S Part 1 U.S. reinsurance assumed that is reported in its Schedule S Part 1. However, the assuming insurer must attach a copy of its Schedule S Part 1 filing with its Form CR-S, and must clearly indicate on Form CR-S Part 1 that its U.S. reinsurance assumed is reported in this manner (i.e., its Form CR-S Part 1 includes non-U.S. reinsurance assumed and U.S. reinsurance assumed under its Certified Reinsurer status, while its attached Schedule s Part 1 includes U.S. reinsurance it has assumed under a status other than as a Certified Reinsurer).

Group or Category

Line Number

Reinsurance Assumed from Affiliated Ceding Insurers

U.S. Affiliated 0199999

Non-U.S. Affiliated.....	0299999
Total Affiliated.....	0399999

Reinsurance Assumed from Unaffiliated Ceding Insurers

U.S. Unaffiliated.....	0499999
Non-U.S. Unaffiliated	0599999
Total Unaffiliated.....	0699999
Total Reinsurance Assumed	0799999

Column Descriptions

Column 7	-	Assumed Reinsurance Premiums
Column 8	-	Unearned Assumed Reinsurance Premiums
Column 9	-	Reserve Liability Other Than For Unearned Premiums
Column 10	-	Reinsurance Payable on Paid and Unpaid Losses
Column 11	-	Modified Coinsurance Reserve
		Report the amount of the reserves held by the ceding company under modified coinsurance contracts.
Column 12	-	Funds Withheld Under Coinsurance
		Report the amount of funds withheld by the ceding company on coinsurance contracts.



**FORM CR-S – PART 2
REINSURANCE RECOVERABLE
ON PAID AND UNPAID LOSSES
AS OF DECEMBER 31, (MOST RECENT YEAR-END)**

Form CR-S Part 2 must be reported by an assuming insurer upon initial application for status as a Certified Reinsurer, and on an annual basis thereafter so long as the Certified Reinsurer maintains certification. Amounts are to be reported in U.S. dollars with thousands omitted. All dates reported in Form CR-S must be in the format MM/DD/YYYY. For example, the date December 13, 2011 should be reported as 12/13/2011. The Certified Reinsurer’s rating and collateral requirement, as assigned by the certifying state, and the effective date of such rating, must be included on this form with respect to each filing that is submitted subsequent to certification.

Part 2 provides information with respect to reinsurance recoverable on paid and unpaid losses from assuming insurers domiciled in the U.S. and abroad. Reporting entities are required to provide assuming insurer-specific data on reinsurance ceded for a minimum of the top ten assuming insurers as measured by reinsurance recoverables. Assuming insurer-specific data must be reported for additional assuming insurers (i.e., beyond the top ten) only to the extent necessary to ensure that the assuming insurer-specific reporting represents at least 75% of all reinsurance recoverables due. Reporting entities are required to subtotal this information, including both individual and aggregate data, into the categories listed below, as applicable.

<u>Group or Category</u>	<u>Line Number</u>
Life and Annuity	
Affiliates	
U.S. Affiliates	0199999
Non-U.S. Affiliates	0299999
Total Affiliates.....	0399999
Non-Affiliates	
U.S. Non-Affiliates	0499999
Non-U.S. Non-Affiliates.....	0599999
Total Non-Affiliates.....	0699999
Total Life and Annuity	0799999
Accident and Health	
Affiliates	
U.S. Affiliates	0899999
Non-U.S. Affiliates	0999999
Total Affiliates	1099999

Non-Affiliates

U.S. Non-Affiliates	1199999
Non-U.S. Non-Affiliates	1299999
Total Non-Affiliates	1399999
Total Accident and Health	1499999

Total U.S. (Sum of 0199999, 0499999, 0899999 and 1199999)	1599999
Total Non-U.S. (Sum of 0299999, 0599999, 0999999 and 1299999)	1699999
Total (Sum of 1599999 and 1699999)	1799999

Column Description

- Column 1 – Company Code or ID Number
- The U.S. Federal Employer Identification Number (FEIN) must be reported for each U.S. domiciled insurer and U.S. branch of an alien insurer. For insurers domiciled in non-U.S. jurisdictions, report the entity’s national identification number as issued by its domestic jurisdiction. Reinsurance intermediaries should not be listed, as Form CR-F is intended to identify only risk-bearing entities.
- Column 3 – Effective Date
- Report earliest effective date of contracts with recoverables reported applicable to individual assuming insurers.
- Column 4 – Name of Company (Reinsurer)
- Column 5 – Location (Domiciliary Jurisdiction)
- Report the two-character postal code abbreviation for the domiciliary jurisdiction. A comprehensive listing of postal code abbreviations for foreign countries is attached to these instructions. For postal code abbreviations of foreign countries not found in the appendix, use the code found at:
www.nationsonline.org/oneworld/countrycodes.htm
- If a reinsurer has merged with another entity, report the domiciliary jurisdiction of the surviving entity.
- Column 6 – Paid Losses
- Report reinsured claim amounts paid by the reporting entity but not yet reimbursed by the reinsurer.
- Column 7 – Unpaid Losses
- Include the reinsured amounts for claims that are in course of settlement and will become recoverable from reinsurers following payment.



**FORM CR-S – PART 3 – SECTION 1
REINSURANCE CEDED
LIFE INSURANCE, ANNUITIES,
DEPOSIT FUNDS AND OTHER LIABILITIES
WITHOUT LIFE OR DISABILITY CONTINGENCIES,
AND RELATED BENEFITS
AS OF DECEMBER 31, (MOST RECENT YEAR-END)**

Form CR-S Part 3 Section 1 must be reported by an assuming insurer upon initial application for status as a Certified Reinsurer, and on an annual basis thereafter so long as the Certified Reinsurer maintains certification. Amounts are to be reported in U.S. dollars with thousands omitted. All dates reported in Form CR-S must be in the format MM/DD/YYYY. For example, the date December 13, 2011 should be reported as 12/13/2011. The Certified Reinsurer’s rating and collateral requirement, as assigned by the certifying state, and the effective date of such rating, must be included on this form with respect to each filing that is submitted subsequent to certification.

Part 3 Section 1 provides information with respect to reinsurance ceded or retroceded by a Certified Reinsurer (or applicant) to assuming insurers domiciled in the U.S. and abroad. Reporting entities are required to provide assuming insurer-specific data on reinsurance ceded for a minimum of the top ten assuming insurers as measured by reinsurance recoverables. Assuming insurer-specific data must be reported for additional assuming insurers (i.e., beyond the top ten) only to the extent necessary to ensure that the assuming insurer-specific reporting represents at least 75% of all reinsurance recoverables due. Part 3 Section 1 data applicable to all other assuming insurers may be reported on an aggregate basis. Reporting entities are required to subtotal this information, including both individual and aggregate data, into the categories listed below, as applicable. Include actual reinsurance ceded on group cases but exclude jointly underwritten group contracts.

<u>Group or Category</u>	<u>Line Number</u>
General Account	
Affiliates	
U.S. Affiliates.....	0199999
Non-U.S. Affiliates	0299999
Total Affiliates.....	0399999
Non-Affiliates	
U.S. Non-Affiliates	0499999
Non-U.S. Non-Affiliates	0599999
Total Non-Affiliates	0699999
Total General Account.....	0799999

Separate Accounts

Affiliates

U.S. Affiliates.....	0899999
Non-U.S. Affiliates	0999999
Total Affiliates	1099999

Non-Affiliates

U.S. Non-Affiliates	1199999
Non-U.S. Non-Affiliates.....	1299999
Total Non-Affiliates	1399999
Total Separate Accounts.....	1499999

Total U.S. (Sum of 0199999, 0499999, 0899999, and 1199999).....	1599999
Total Non-U.S. (Sum of 0299999, 0599999, 0999999, and 1299999)	1699999
Total (Sum of 1599999 and 1699999)	1799999

Column Description

- Column 1 – Company Code or ID Number

The U.S. Federal Employer Identification Number (FEIN) must be reported for each U.S. domiciled insurer and U.S. branch of an alien insurer. For insurers domiciled in non-U.S. jurisdictions, report the entity’s national identification number as issued by its domestic jurisdiction. Reinsurance intermediaries should not be listed, as Form CR-F is intended to identify only risk-bearing entities.

- Column 3 – Effective Date

Report earliest effective date of contracts with recoverables reported applicable to individual assuming insurers.

- Column 4 – Name of Company (Reinsurer)

- Column 5 – Location (Domiciliary Jurisdiction)

Report the two-character postal code abbreviation for the domiciliary jurisdiction. A comprehensive listing of postal code abbreviations for foreign countries is available in the appendix of these instructions. For postal code abbreviations of foreign countries not found in the appendix, use the code found at:
www.nationsonline.org/oneworld/countrycodes.htm
 If a reinsurer has merged with another entity, report the domiciliary jurisdiction of the surviving entity.

- Column 6 – Type of Reinsurance Ceded

Use the following abbreviations to identify the plan and type of reinsurance. For example, group coinsurance with funds withheld should be identified as COFW/G. (If there is more than one type of reinsurance in the same

reinsurance company, show each type on a separate line.) NOTE: The type should be entered in all capital letters, and ALL reinsurance types must be followed by /G (for Group) or /I (for Individual).

Abbreviations:

I	Individual	}	All Reinsurance Types should be followed by /I or /G.
G	Group		

REINSURANCE TYPES

CO	Coinsurance	ACO	Annuity coinsurance
COFW	Coinsurance with funds withheld	ACOFW	Modified coinsurance with funds withheld
MCO	Modified coinsurance	AMCO	Annuity Modified coinsurance
MCOFW	Modified coinsurance with funds withheld	AMCOFW	Annuity modified coinsurance with funds withheld
COMB	Combination coinsurance/modified coinsurance	ACOMB	Annuity combination coinsurance/ modified coinsurance
COMBW	Combination coinsurance/ modified coinsurance with funds withheld	ACOMBW	Annuity combination coinsurance/ modified coinsurance with funds withheld
YRT	Yearly renewable term	GMDB	Guaranteed minimum death benefit
CAT	Catastrophe	GMDBFW	Guaranteed minimum death benefit funds withheld
OTH	Other reinsurance	ADB	Accidental death benefit
DIS	Disability benefits		

NOTE: The insurance type should be entered in all capital letters.

- Column 7 – Amount in Force at End of Year
Report the ceded amount of the basic life insurance policy only
For catastrophe-reinsurance (CAT), disability reinsurance (DIS), accidental death benefit reinsurance (ADB) and annuity reinsurance (ACO and AMCO), leave this column blank.
- Column 8 – Reserve Credit Taken Current Year
- Column 9 – Reserve Credit Taken Prior Year

Column 10 – Premiums

Amounts included in this column should represent reinsurance ceded premiums on an incurred basis.

For deposit funds and other liabilities without life or disability contingencies, leave this column blank.

Columns 11 & 12 – Outstanding Surplus Relief

Outstanding surplus relief means the amount of surplus not yet reported as income.

Report the amount of initial commissions and expense allowance not yet recovered by the reinsurer for the following types of treaties (individual or group): CO, ACO, MCO, AMCO, COFW, ACOFW, MCOFW, AMCOFW, COMB, ACOMB, ACOMBW AND COMBW. This column does not apply to CAT, DIS, ADB, YRT or other non-proportional reinsurance treaties.

Include the outstanding surplus resulting from reinsurance of separate accounts business.

Column 13 – Modified Coinsurance Reserve

Report the amount of reserves held under modified coinsurance contracts. Include separate accounts modified coinsurance reserves.

Column 14 – Funds Withheld Under Coinsurance

Report the amount of funds withheld on coinsurance contracts.



**FORM CR-S – PART 3 – SECTION 2
REINSURANCE CEDED
ACCIDENT AND HEALTH INSURANCE
AS OF DECEMBER 31, (MOST RECENT YEAR-END)**

Form CR-S Part 3 Section 1 must be reported by an assuming insurer upon initial application for status as a Certified Reinsurer, and on an annual basis thereafter so long as the Certified Reinsurer maintains certification. Amounts are to be reported in U.S. dollars with thousands omitted. All dates reported in Form CR-S must be in the format MM/DD/YYYY. For example, the date December 13, 2011 should be reported as 12/13/2011. The Certified Reinsurer’s rating and collateral Requirement, as assigned by the certifying state, and the effective date of such rating, must be included on this form with respect to each filing that is submitted subsequent to certification.

Part 3 Section 1 provides information with respect to reinsurance ceded or retroceded by a Certified Reinsurer (or applicant) to assuming insurers domiciled in the U.S. and abroad. Reporting entities are required to provide assuming insurer-specific data on reinsurance ceded for a minimum of the top ten assuming insurers as measured by reinsurance recoverables. Assuming insurer-specific data must be reported for additional assuming insurers (i.e., beyond the top ten) only to the extent necessary to ensure that the assuming insurer-specific reporting represents at least 75% of all reinsurance recoverables due. Part 3 Section 1 data applicable to all other assuming insurers may be reported on an aggregate basis. Reporting entities are required to subtotal this information, including both individual and aggregate data, into the categories listed below, as applicable. Include actual reinsurance ceded on group cases but exclude jointly underwritten group contracts.

<u>Group or Category</u>	<u>Line Number</u>
General Account	
Affiliates	
U.S. Affiliates.....	0199999
Non-U.S. Affiliates	0299999
Total Affiliates.....	0399999
Non-Affiliates	
U.S. Non-Affiliates	0499999
Non-U.S. Non-Affiliates	0599999
Total Non-Affiliates	0699999
Total General Account.....	0799999
Separate Accounts	
Affiliates	
U.S. Affiliates.....	0899999
Non-U.S. Affiliates.....	0999999

Total Affiliates.....	1099999
Non-Affiliates	
U.S. Non-Affiliates	1199999
Non-U.S. Non-Affiliates	1299999
Total Non-Affiliates	1399999
Total Separate Accounts	1499999
Total U.S. (Sum of 0199999, 0499999, 0899999, and 1199999).....	1599999
Total Non-U.S. (Sum of 0299999, 0599999, 0999999, and 1299999)	1699999
Total (Sum of 1599999 and 1699999)	1799999

Column Descriptions

- Column 1 – Company Code or ID Number
- The U.S. Federal Employer Identification Number (FEIN) must be reported for each U.S. domiciled insurer and U.S. branch of an alien insurer. For insurers domiciled in non-U.S. jurisdictions, report the entity’s national identification number as issued by its domestic jurisdiction. Reinsurance intermediaries should not be listed, as Form CR-F is intended to identify only risk-bearing entities.
- Column 3 – Effective Date
- Report earliest effective date of contracts with recoverables reported applicable to individual assuming insurers.
- Column 4 – Name of Company (Reinsurer)
- Column 5 – Location (Domiciliary Jurisdiction)
- Report the two-character postal code abbreviation for the domiciliary jurisdiction. A comprehensive listing of postal code abbreviations for foreign countries is available in the appendix of these instructions. For postal code abbreviations of foreign countries not found in the appendix, use the code found at:
- www.nationsonline.org/oneworld/countrycodes.htm
- If a reinsurer has merged with another entity, report the domiciliary jurisdiction of the surviving entity.
- Column 6 – Type
- Use the following abbreviations to identify the plan and type of reinsurance. For example, group coinsurance with funds withheld should be identified as COFW/G. (If there is more than one type of reinsurance in the same reinsurance company, show each type on a separate line.) NOTE: The type should be entered in all capital letters, and ALL reinsurance types must be followed by /G (for Group) or /I (for Individual).

Abbreviations:			
I	Individual	}	All Reinsurance Types should be followed by /I or /G.
G	Group		
REINSURANCE TYPES			
CO	Coinsurance	COFW	Coinsurance with funds withheld
MCO	Modified coinsurance	MCOFW	Modified coinsurance with funds withheld
COMB	Combination coinsurance/ modified coinsurance	COMBW	Combination coinsurance/ modified coinsurance with funds withheld
YRT	Yearly renewable term	CAT	Catastrophe
LTC	Long-Term Care	OTH	Other reinsurance
NOTE: The insurance type should be entered in all capital letters.			

Column 7 – Premiums

Amounts included in this column should represent reinsurance ceded premiums on an incurred basis.

Column 8 – Unearned Premiums (Estimated)

Amounts represent, by company, the ceded part of the unearned premium

Column 9 – Reserve Credit Taken Other Than For Unearned Premiums

Columns 10 and 11 – Outstanding Surplus Relief

Outstanding surplus relief means the amount of surplus not yet reported as income.

Report the amount of initial commissions and expense allowance not yet recovered by the reinsurer for the following types of treaties (individual or group): CO, MCO, COFW, MCOFW, COMB or COMBW. This column does not apply to YRT or other non-proportional reinsurance treaties.

Column 12 – Modified Coinsurance Reserve

Report the amount of reserves held under modified coinsurance contracts.

Column 13 – Funds Withheld Under Coinsurance

Report the amount of funds withheld on coinsurance contracts.



**FORM CR-F – PART 1
ASSUMED REINSURANCE
PROPERTY/CASUALTY BUSINESS
AS OF DECEMBER 31 (MOST RECENT YEAR-END)**

Form CR-F Part 1 must be reported by an assuming insurer upon initial application for status as a Certified Reinsurer, and on an annual basis thereafter so long as the Certified Reinsurer maintains certification. Amounts are to be reported in U.S. dollars with thousands omitted. All dates reported in Form CR-F must be in the format MM/DD/YYYY. For example, the date December 13, 2011 should be reported as 12/13/2011. The Certified Reinsurer's rating and collateral requirement, as assigned by the certifying state, and the effective date of such rating, must be included on this form with respect to each filing that is submitted subsequent to certification.

Part 1 provides information with respect to reinsurance assumed by the Certified Reinsurer (or applicant) from ceding insurers domiciled in the U.S. and abroad. Part 1 data may be reported on an aggregate basis as opposed to reporting data applicable to each individual ceding insurer. However, reporting entities are required to segregate and subtotal this aggregate information in accordance with the categories listed below, as applicable.*

*Note: Additional Instructions for Assuming Insurers Subject to Filing Schedule F Part 1 of the NAIC Annual Statement – In certain cases, a non-U.S. domiciled assuming insurer is required to file annually a Schedule F Part 1 from the NAIC Annual Statement. The Schedule F Part 1 filing is submitted to a U.S. state in which the assuming insurer maintains a trust fund in a qualified U.S. financial institution for the payment of the valid claims of its U.S. ceding insurers with respect to U.S. reinsurance it has assumed under a status other than as a Certified Reinsurer. The purpose of the Schedule F Part 1 filing is to enable the commissioner of the state in which the trust is domiciled to determine the sufficiency of the trust fund, and its

Form CR-F filing does not affect this Schedule F Part 1 filing requirement. The assuming insurer's Schedule F Part 1 should only include U.S. reinsurance it has assumed that is supported by this trust.

In such cases, the assuming insurer may exclude from Form CR-F Part 1 U.S. reinsurance assumed that is reported in its Schedule F Part 1. However, the assuming insurer must attach a copy of its Schedule F Part 1 filing with its Form CR-F, and must clearly indicate on Form CR-F Part 1 that its U.S. reinsurance assumed is reported in this manner (i.e., its Form CR-F Part 1 includes non-U.S. reinsurance assumed and U.S. reinsurance assumed under its Certified Reinsurer status, while its attached Schedule F Part 1 includes U.S. reinsurance it has assumed under a status other than as a Certified Reinsurer).

Group or Category

Line Number

Reinsurance Assumed from Affiliated Ceding Insurers

U.S. Affiliated 0199999

Non-U.S. Affiliated.....	0299999
Total Affiliated.....	0399999

Reinsurance Assumed from Unaffiliated Ceding Insurers

U.S. Unaffiliated	0499999
Non-U.S. Unaffiliated	0599999
Total Unaffiliated.....	0699999
Total Reinsurance Assumed	0799999

Column Descriptions

Column 5	–	Assumed Reinsurance Premium
Column 6	–	Reinsurance on Paid Losses and Loss Adjustment Expenses (LAE); Report losses and loss adjustment expenses due and payable to ceding insurers.
Column 7	–	Reinsurance on Known Case Losses and LAE; Report known case reserves for losses and LAE assumed from ceding insurers.
Column 8	–	Totals of Columns 6 + 7 for each category.
Column 9	–	Contingent Commissions Payable; Report profit commissions generated from assumed reinsurance contracts due to ceding insurers. Report commissions net of return profit commissions. Negative commissions are possible, (i.e., when a contingent commission is receivable.)
Column 10	–	Assumed Premiums Receivable; Report receivable amounts net of commission's payable.
Column 12	–	Funds Held By or Deposited with Reinsured Companies
Column 13	–	Letters of Credit Posted
Column 14	–	Amount of Assets Pledged or Compensating Balances to Secure Letters of Credit
Column 15	–	Amount of Assets Pledged or Collateral Held in Trust; This column reflects amounts that are not otherwise reflected in Column 12 of this schedule that are under the control of ceding insurance companies.



**FORM CR-F – PART 2
CEDED REINSURANCE
PROPERTY/CASUALTY BUSINESS
AS OF DECEMBER 31 (MOST RECENT YEAR-END)**

Form CR-F Part 2 must be reported by an assuming insurer upon initial application for status as a Certified Reinsurer, and on an annual basis thereafter so long as the Certified Reinsurer maintains certification. Amounts are to be reported in U.S. dollars with thousands omitted. All dates reported in Form CR-F must be in the format MM/DD/YYYY. For example, the date December 13, 2011 should be reported as 12/13/2011. The Certified Reinsurer’s rating and collateral requirement, as assigned by the certifying state, and the effective date of such rating, must be included on this form with respect to each filing that is submitted subsequent to certification.

Part 2 provides information with respect to reinsurance ceded or retroceded by a Certified Reinsurer (or applicant) to assuming insurers domiciled in the U.S. and abroad. Reporting entities are required to provide assuming insurer-specific data on reinsurance ceded for a minimum of the top ten assuming insurers as measured by reinsurance recoverables. Assuming insurer-specific data must be reported for additional assuming insurers (i.e., beyond the top ten) only to the extent necessary to ensure that the assuming insurer-specific reporting represents at least 75% of all reinsurance recoverables due. Only Columns 1, 3, 4, 6 and 15 (in total) are required to be completed with respect to the assuming insurer-specific data applicable to the top ten assuming insurers (or additional assuming insurers to meet 75% minimum). Part 2 data applicable to all other assuming insurers may be reported on an aggregate basis; however, each of the columns from 6 through 19 must be completed for the aggregated data. Reporting entities are required to subtotal this information, including both individual and aggregate data, into the categories listed below, as applicable.

<u>Group or Category</u>	<u>Line Number</u>
Reinsurance Ceded/Retroceded to Affiliated Assuming Insurers	
U.S. Affiliated.....	0199999
Non-U.S. Affiliated	0299999
Total Affiliated.....	0399999
Reinsurance Ceded/Retroceded to Unaffiliated Assuming Insurers	
U.S. Unaffiliated.....	0499999
Non-U.S. Unaffiliated.....	0599999
Total Unaffiliated.....	0699999
Total Reinsurance Ceded.....	0799999

Column Descriptions

Column 1 – Company Code or ID Number

The U.S. Federal Employer Identification Number (FEIN) must be reported for each U.S. domiciled insurer and U.S. branch of an alien insurer. For insurers domiciled in non-U.S. jurisdictions, report the entity's national identification number as issued by its domestic jurisdiction. Reinsurance intermediaries should not be listed, as Form CR-F is intended to identify only risk-bearing entities.

Column 3 – Name of Reinsurer

Column 4 – Domiciliary Jurisdiction

Report the two-character postal code abbreviation for the domiciliary jurisdiction. A comprehensive listing of postal code abbreviations for foreign countries is attached to these instructions. For postal code abbreviations of foreign countries not found in the appendix, use the code found at:

www.nationsonline.org/oneworld/countrycodes.htm

If a reinsurer has merged with another entity, report the domiciliary jurisdiction of the surviving entity.

Column 5 – Reinsurance Contracts Ceding 75% or More Direct Premiums Written

For the data reported by individual assuming insurer, a separate entry should be made to identify each individual contract (except those listed under "Exceptions" below) which provides for the cession of 75% or more of direct or assumed premiums written by the reporting entity under such cession during the year. Such line item entries should be identified by inserting a 2 in this column. The reinsurance transactions so identified shall include both treaty and facultative cessions of direct or assumed business written by the reporting entity.

Exceptions: Intercompany reinsurance transactions with affiliates.

Reinsurance transactions involving any group, association, pool, or organization of insurers that engage in joint underwriting activities and which are subject to examination by any state regulatory authority or which operate pursuant to any state or federal statutory or administrative authorization.

Any reinsurance transaction in which the annual gross premium ceded is less than 5% of policyholder surplus.

Reinsurance transactions involving captive insurance companies.

Column 6 – Reinsurance Premiums Ceded

Column 7 – Reinsurance Recoverable on Paid Losses

Column 8 – Reinsurance Recoverable on Paid LAE

- Column 9 – Reinsurance Recoverable on Known Case Loss Reserves
- Column 10 – Reinsurance Recoverable on Known Case LAE Reserves
- Column 11 – Reinsurance Recoverable on IBNR Loss Reserves
- Column 13 – Reinsurance Recoverable on Unearned Premiums
- Column 14 – Contingent Commissions

Include: Contingent commissions receivable from a reinsurer.
Regular commissions should be netted with ceded
balances payable in Column 16.

If Column 14 is less than zero, report the amount in Column 17.

- Column 15 – Total Columns 7 through 14
- Column 16 – Ceded Balances Payable
- Column 17 – Other Amounts Due to Reinsurers

Both Column 16 and Column 17 are liabilities owed to the reinsurer.

Deduct: Reinsurance premiums paid by a ceding company prior to
the effective date of the contract.

Exclude: Funds held by company under reinsurance treaties, which
are included in Column 19.

Items entered in Column 17 may represent miscellaneous balances owed
by the reinsured to the reinsurer on ceded transactions.

- Column 18 – Net Amount Recoverable from Reinsurers
- Column 19 – Funds Held By Company Under Reinsurance Treaties