

Oct 16, 2018

Superintendent Maria T. Vullo
New York State Department of Financial Services
Chair, NAIC Reinsurance (E) Task Force
Via email to jstultz@naic.org, dschelp@naic.org

Re: GIAJ Comments on proposed revisions to the Credit for Reinsurance Model Law (#785) and the Credit for Reinsurance Model Regulation (#786)

Dear Superintendent Vullo,

The General Insurance Association of Japan (GIAJ)¹ appreciates another opportunity to comment on the proposed revisions to the Credit for Reinsurance Model Law (#785) and the Credit for Reinsurance Model Regulation (#786).

We welcome the revisions, which enhance clarity and remove some of the ambiguity of the previous draft. Having said that, in order to further improve clarity, we wish to comment on the remaining ambiguous parts.

Our comments on individual points are as follows:

Model Regulation 9.B.(2)(c)

In the previous public comment, the GIAJ made the point that “(f)rom the standpoint of efficiency, each state regulator and the NAIC should be satisfied if such an exemption is secured, in effect, and avoid requiring Qualified Jurisdictions to introduce prescriptive measures”. We also suggested revising the first sentence of the Credit for Reinsurance Model Regulation 9.B.(2)(c) to read "Provide through statute, regulation or the equivalent in such qualified jurisdiction, to the effect that...”.

While we note that the proposed revision was not made to the given part of the sentence, we wish to have clarification on whether use of the word “equivalent” includes an explanation by the host supervisor of the qualified jurisdiction that it would not impose duplicative worldwide prudential insurance group supervision on U.S. insurance groups.

¹ GIAJ is an industry organization whose 26 member companies account for about 95 percent of the total general insurance premiums in Japan which is one of seven jurisdictions listed in the NAIC List of Qualified Jurisdictions. Some of our members or their affiliates are certified reinsurers.

In order to clarify this point, we would once again like to suggest revising 9.B.(2)(c) as follows: "by providing through statute, regulation or the equivalent in such qualified jurisdiction, to the effect that...".

Model Regulation 9.B.(2)(e)

We encourage each state to honor the spirit of this regulation as closely as possible and avoid introducing additional requirements.

With regards the discretion of the commissioner in considering the additional factors described in 9.B.(2)(e), while we understand that it is the authority of the commissioner to designate a reciprocal jurisdiction, we suggest adding "as necessary, in light of the spirit of this regulation" at the end of the sentence to mitigate concerns over uniformity and consistency of implementation. Otherwise, we request that the NAIC address implementation by each state, including introduction of additional factors, through its accreditation process.

Model Regulation 9.D.Drafting Note

The 9.D. Drafting Note states that the NAIC will develop criteria and a process with respect to Reciprocal Jurisdictions. With regard to such criteria and the processes to which QJ and RJ are to be subjected, to the extent possible we strongly encourage the NAIC to introduce an abbreviated process from the standpoint of supervision efficiency.

Sincerely,



Makoto Kawagoe
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The General Insurance Association of Japan