

Uniform Checklist for Reciprocal Jurisdiction Reinsurers

Reciprocal Jurisdiction Reinsurer Information:

Company Name:

Address:

Primary Contact:

Domiciliary Jurisdiction / Supervisory Authority:

Applicable Lines of Business:

I. Filing Requirements for “Lead State” of Reciprocal Jurisdiction Reinsurer

Check appropriate box:

Initial Filing

Annual Filing

The “Lead State” will uniformly require assuming insurers to provide the following documentation so that other states may rely upon the Lead State’s determination:

Citation to State Law / Regulation	<u>Requirements</u>	Y or N	<u>Reference and Supporting Documents</u>
COMAR 31.05.08.28A & B §5-917 (a)(1)*, §5-901(g)	<p>Status of Reciprocal Jurisdiction: The assuming insurer must be licensed to write reinsurance by, and has its head office or is domiciled in, a Reciprocal Jurisdiction that is listed on the <i>NAIC List of Reciprocal Jurisdictions</i>:</p> <ul style="list-style-type: none"> • A non-U.S. jurisdiction that is subject to an in-force Covered Agreement with the United States; • A U.S. jurisdiction that meets the requirements for accreditation under the NAIC Financial Standards and Accreditation Program; • A Qualified Jurisdiction that has been determined by the Commissioner to meet all applicable requirements to be a Reciprocal Jurisdiction. 		The Reciprocal Jurisdiction Reinsurer should identify which type of reciprocal jurisdiction it is domiciled in and provide documentation to confirm this status if requested by the Commissioner.

*All statutory references are to the Insurance Article, Annotated Code of Maryland.

COMAR 31.05.08.28C (7) §5-917 (a)(12)	<i>The assuming insurer's supervisory authority must confirm to the Commissioner on an annual basis that the assuming insurer complies with this requirement.</i>		
COMAR 31.05.08.28C (4) §5-917(a)(5-9)	Form RJ-1: The assuming insurer must agree to and provide a signed Form RJ-1, which must be properly executed by an officer of the assuming insurer. https://insurance.maryland.gov/Insurer/Documents/insurer-services/RJ-1-FORM.pdf		
COMAR 31.05.08.28C (5)(a) §5-917 (a)(10) 31.05.08.28C (5)(b) COMAR 31.05.08.28C (5)(c) COMAR 31.05.08.28C (5)(d)	Financial/Regulatory Filings: <ul style="list-style-type: none"> • The assuming insurer's annual audited financial statements, in accordance with the applicable law of the jurisdiction of its head office or domiciliary jurisdiction, as applicable, including the external audit report; • The solvency and financial condition report or actuarial opinion, if filed with the assuming insurer's supervisor; • An updated list of all disputed and overdue reinsurance claims outstanding for 90 days or more, regarding reinsurance assumed from ceding insurers domiciled in the United States; and • Information regarding the assuming insurer's assumed reinsurance by ceding insurer, ceded reinsurance by the assuming insurer, and reinsurance recoverable on paid and unpaid losses by the assuming insurer. This is for purposes of evaluating Prompt Payment of Claims. 		The Reciprocal Jurisdiction Reinsurer shall provide this information if requested by the Commissioner pursuant to COMAR 31.05.08.28C(5). Financial/Regulatory Filings – for initial filings and at renewal: <ul style="list-style-type: none"> • For the 2 years preceding entry into the reinsurance agreement and on an annual basis thereafter, the assuming insurer's annual audited financial statements, in accordance with the applicable law of the jurisdiction of its head office or domiciliary jurisdiction, as applicable, including the external audit report; • For the 2 years preceding entry into the reinsurance agreement, the solvency and financial condition report or actuarial opinion, if filed with the assuming insurer's supervisor; • An updated list of all disputed and overdue reinsurance claims outstanding for 90 days or more, regarding reinsurance assumed from ceding insurers domiciled in the U.S. shall be submitted prior to entry into the reinsurance agreement and on a semi-annual basis thereafter; and Information regarding the assuming insurer's assumed reinsurance by ceding insurer, ceded reinsurance by the assuming insurer, and reinsurance recoverable on paid and unpaid losses by the assuming insurer, shall be provided prior to entry into the reinsurance agreement and on a semi-

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			annual basis thereafter.
COMAR 31.05.08.28C(6) §5-917(a)(11)	<p>Prompt Payment of Claims: The assuming insurer must maintain a practice of prompt payment of claims under reinsurance agreements. The lack of prompt payment will be evidenced if any of the following criteria is met:</p> <ul style="list-style-type: none"> • More than fifteen percent (15%) of the reinsurance recoverables from the assuming insurer are overdue and in dispute as reported to the Commissioner; • More than fifteen percent (15%) of the assuming insurer’s ceding insurers or reinsurers have overdue reinsurance recoverable on paid losses of 90 days or more which are not in dispute and which exceed for each ceding insurer \$100,000, or as otherwise specified in a Covered Agreement; or • The aggregate amount of reinsurance recoverable on paid losses which are not in dispute, but are overdue by 90 days or more, exceeds \$50,000,000, or as otherwise specified in a Covered Agreement. 		
§6-203 §2-112	<p>Fee: \$2,000 made payable to the Maryland Insurance Administration</p>		

II. Filing Requirements for “Passporting State” of Reciprocal Jurisdiction Reinsurer

In order to facilitate multi-state recognition of assuming insurers and to encourage uniformity among the states, the NAIC has initiated a process called “passporting” under which the Commissioner has the discretion to defer to another state’s determination with respect to compliance with this section. Passporting is based upon individual state regulatory authority, and states are encouraged to act in a uniform manner in order to facilitate the passporting process. States are also encouraged to utilize the passporting process to reduce the amount of documentation filed with the states and reduce duplicate filings.

If an NAIC accredited jurisdiction has determined that the conditions set forth under the *Filing Requirements for Lead States* have been met, the Commissioner has the discretion to defer to that jurisdiction’s determination, and add such assuming insurer to the list of assuming insurers to which cessions shall be granted credit. The Commissioner may accept financial documentation filed with the Lead State or with the NAIC.

*All statutory references are to the Insurance Article, Annotated Code of Maryland.

The following documentation must be filed with the Passporting State:

Citation to State Law / Regulation	Requirements	Y or N	Reference and Supporting Documents
COMAR 31.05.08.28E (4) §5-917(c)(2)	Form RJ-1: An assuming insurer must submit a properly executed Form RJ-1 and additional information as the Commissioner may require, except to the extent that they conflict with a Covered Agreement.		
COMAR 31.05.08.28E (2) & (3) §5-917(c)(2)	Lead State: If an NAIC accredited jurisdiction has determined that the required conditions have been met, the Commissioner has the discretion to defer to that jurisdiction's determination. The Commissioner may accept financial documentation filed with another NAIC accredited jurisdiction or with the NAIC in satisfaction of this requirement.		
§6-203 §2-112	Fee: \$2,000 amount of the fee applicable in this state.		

III. Interaction Between Certified Reinsurers and Reciprocal Jurisdiction Reinsurers

Pursuant to COMAR 31.05.08.24D(5), credit for reinsurance shall apply only to reinsurance contracts entered into or renewed on or after the effective date of the certification of the assuming insurer with respect to Certified Reinsurers. Pursuant to §5-917(g) of the Insurance Article, Annotated Code of Maryland, credit shall be taken with respect to Reciprocal Jurisdiction Reinsurers only for reinsurance agreements entered into, amended, or renewed on or after the effective date of the statute adding this subsection, and only with respect to losses incurred and reserves reported on or after the later of (i) the date on which the assuming insurer has met all eligibility requirements to be designated a Reciprocal Jurisdiction Reinsurer, and (ii) the effective date of the new reinsurance agreement, amendment, or renewal.

It is expected that certain assuming insurers may be considered to be Certified Reinsurers for purposes of in-force business and Reciprocal Jurisdiction Reinsurers with respect to reinsurance agreements entered into, amended, or renewed on or after the effective date. In addition, these same reinsurers may also have certain blocks of business that are fully collateralized under the prior provisions of Maryland credit for reinsurance laws and regulations. The NAIC blanks will be amended to reflect the status of these reinsurers with respect to each type of insurance assumed.

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