

Uniform Full Application Checklist for Certified Reinsurers

(Initial and Renewal Applications)

I. Applicant Information

Be sure to complete the checklist by appropriately marking the “Y or N” boxes as well as completing the “Reference and Supporting Document” section.

Company Name:
 Alien / Federal ID#:
 Address:
 Primary Contact:
 Domiciliary Jurisdiction / Supervisory authority:
 Applicable Lines of Business:

The completed application must be submitted in a binder with a tab for each item in the checklist. Also submit a separate binder for the public copy of all information – clearly marked “Public.” Make sure no confidential items are included in the public copy.

II. Filing Requirements for Full Application

- a. The applicant shall provide the information required within Section II if:
- The applicant has not been certified by an NAIC accredited jurisdiction; or
 - The New Hampshire Insurance Commissioner makes a determination not to recognize or defer to the certification issued by another NAIC accredited jurisdiction; or
 - The applicant is renewing its certification by an NAIC accredited jurisdiction.
- b. Check appropriate box:
- Initial Application Renewal Application

Tab#	Citation to State Law / Regulation	<u>Requirements</u>	<u>Y or N</u>	<u>Reference and Supporting Documents</u>
1.	Ins 601.06(b)(3)a Ins 601.06(b)(4)k Ins 601.06(b)(3)b Ins 601.06(c)(3)&(4) Ins 601.06(b)(6) Ins 601.06(b)(7)f	<p>Status of Domiciliary Jurisdiction / Proof of Licensure and Good Standing: The applicant must be domiciled and licensed in a Qualified Jurisdiction, as determined by this state. The applicant must be in good standing (or the jurisdiction’s equivalent classification) and maintain capital and surplus in excess of its domiciliary jurisdiction’s highest regulatory action level.</p> <p>The Commissioner will consider the following information with respect to the applicant’s domiciliary jurisdiction</p> <p>a. Whether the domestic supervisory authority has been approved as a Qualified Jurisdiction in this state.</p> <p>b. Confirmation as to whether the domestic supervisory authority is included on the NAIC list of Qualified Jurisdictions.</p>		

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1.		<p>The applicant must provide the following information:</p> <ul style="list-style-type: none"> a. A copy of the certificate of authority or license to transact insurance and/or reinsurance from the applicant's domiciliary jurisdiction. b. A certification from the applicant's domestic supervisory authority affirming that the applicant is in good standing (<u>or the jurisdiction's equivalent classification</u>) and maintains capital and surplus in excess of the jurisdiction's highest regulatory action level. 		
2.		<p>Mechanism Used to Secure Obligations Incurred as a Certified Reinsurer: The applicant must specify the mechanism it will use to secure obligations incurred as a Certified Reinsurer. If the applicant intends to utilize a multibeneficiary trust for this purpose, the applicant must submit: (1) a copy of the approval from the domiciliary regulator with regulatory oversight of the 100% collateral and reduced collateral multibeneficiary trusts or its intention to secure the approval of the domiciliary regulator of the trust before either trust can be used; (2) the form of the trust that will be used to secure obligations incurred as a certified reinsurer; and (3) the form of the trust that will be used to secure obligations incurred outside of the applicant's certified reinsurer status, i.e., the applicant's 100% collateralized trust (if applicable). The form of each trust is required to be submitted pursuant to state law in order to ensure that security for these obligations will be kept separate and to ensure that each trust meets the requirements of the state's Credit for Reinsurance statute and/or regulation.</p> <p>NOTE: <i>The MBT includes a provision that: The certified reinsurer must bind itself by the language of the multibeneficiary trust and agreement with the commissioner with principal regulatory oversight of each such trust account, to fund, upon termination of any such trust account, out of the remaining surplus of such trust any deficiency of any other such trust account.</i></p>		

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3.	<p>Ins 601.06(b)(3)c</p> <p>Ins 601.06(b)(4)a</p>	<p>Financial Strength Ratings (Stand-Alone or Group):</p> <p>The applicant must maintain interactive financial strength ratings from two or more acceptable rating agencies. Initial or Affirmed financial strength rating dates must be within 15 months of the application date/renewal filing date. The applicant must provide the following:</p> <ol style="list-style-type: none"> a. Confirm all interactive financial strength ratings currently maintained by the applicant. b. Specify the type of financial strength rating (i.e., stand-alone or group). c. If the financial strength rating is not on a stand-alone basis, provide the rationale for the group rating¹. d. Copies of full rating agency reports with respect to all financial strength ratings currently maintained by the applicant. If a full report is not available, the applicant must provide a letter from the applicable rating agency affirming its current financial strength rating. Initial or Affirmed financial strength rating dates must be within 15 months of the application date/renewal filing date. e. A description of any changes in the financial strength rating during the last three years. <p>NOTE: Acceptable rating agencies include A.M. Best, Fitch Ratings, Moody's Investor Services, Standard & Poor's, or any other Nationally Recognized Statistical Rating Organization.</p>		

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4.	Ins 601.06(b)(4)e Ins 601.06(b)(4)b Ins 601.06(b)(5)	<p>Disputed and/or Overdue Reinsurance Claims / Business Practices: The Commissioner may consider the applicant’s business practices in dealing with its ceding insurers, including compliance with contractual terms and obligations. The applicant must provide the following if 1) applicant’s reinsurance obligations to U.S. cedents that are in dispute and/or more than 90 days past due exceed 5% of its total reinsurance obligations to U.S. cedents as of the end of its prior financial reporting year; or 2) the applicant’s reinsurance obligations to any of the top 10 U.S. cedents (based on the amount of outstanding reinsurance obligations as of the end of its prior financial reporting year) that are in dispute and/or more than 90 days past due exceed 10% of its reinsurance obligations to that U.S. cedent,</p> <p>Then in either case, the applicant will provide:</p> <ol style="list-style-type: none"> a. Notice of that fact to the Commissioner and a detailed explanation regarding the reason(s) for the amount of disputed or overdue claims exceeding the levels noted above; and b. A description of the applicant’s business practices in dealing with U.S. ceding insurers and a statement that the applicant commits to comply with all contractual requirements applicable to reinsurance contracts with U.S. ceding insurers. <p>Upon receipt of such notice and explanation, the Commissioner may request additional information concerning the applicant’s claims practices with regard to any or all U.S. ceding insurers.</p>		
5.	Ins 601.06(b)(4)c and d	<p>Schedules for Reinsurance Assumed and Reinsurance Ceded: The applicant must provide the following:</p> <ol style="list-style-type: none"> a. For applicants domiciled in the U.S., provide the most recent NAIC Annual Statement Blank Schedule F (property/casualty) and/or Schedule S (life and health). b. For applicants domiciled outside the U.S. provide Form CR-F (property/casualty) and/or Form CR-S (life and health) completed in accordance with the instructions adopted by the NAIC. 		

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6.	Ins 601.06(b)(4)f	<p>Regulatory Actions: The applicant must provide a description of any regulatory actions taken against the applicant.</p> <ul style="list-style-type: none"> a. Include all regulatory actions, fines and penalties, regardless of the amount. b. Provide a description of any changes in with respect to the provisions of the applicant's domiciliary license. <p>[NOTE: Reinsurance-FAWG requires this Information for the last three years for passporting purposes.</p>		

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7.	<p>Ins 601.06(b)(3)b</p> <p>Ins 601.06(b)(4)g and h</p>	<p>Financial/Regulatory Filings: The applicant must provide the following:</p> <ol style="list-style-type: none"> a. A copy of the most recent report of the independent auditor. b. Copies of the audited financial statements for the last three years. Financial statements must demonstrate that the applicant has minimum capital and surplus, or the equivalent, of at least \$250.0 million. If the applicant is an association, including incorporated and individual unincorporated underwriters, statements must demonstrate that the applicant has capital and surplus equivalents (net of liabilities) of at least \$250.0 million and a central fund containing a balance of at \$250.0 million. Please note the following requirements with respect to these financial statements: <ul style="list-style-type: none"> • Audited U.S. GAAP basis statements must be submitted if available. • Audited IFRS basis statements are acceptable but must include an audited footnote reconciling equity and net income to a U.S. GAAP basis. • With the permission of the Commissioner, an applicant may be allowed to submit audited IFRS basis statements with reconciliation to U.S. GAAP certified by an officer of the applicant. The reconciliation of equity and net income must include all adjustments (positive or negative) by line item equal to or greater than 5% of equity and/or in aggregate equal to or greater than 10% of equity where each line item is less than 5% of equity. • Upon the initial certification, the Commissioner may consider audited financial statements for the last three years as filed with the applicant's non-U.S. jurisdiction supervisor. If the Commissioner accepts such statements in the initial filing, the applicant must acknowledge and commit that future financial statement filings will include the appropriate reconciliation to a U.S. GAAP basis, as indicated above. c. A copy of the Actuarial Opinion and other regulatory filings, as filed with the applicant's domiciliary supervisor. <p>[NOTE: Reinsurance-FAWG requires a stand-alone Actuarial Opinion for passporting purposes, or the functional equivalent under the Supervisor's applicable Actuarial Function Holder Regime.</p>	
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8.	Ins 601.06(b)(4)j	<p>Solvent Schemes of Arrangement: The applicant must provide:</p> <ul style="list-style-type: none"> a. A description of any past, present or proposed future participation in any solvent scheme of arrangement, or similar procedure, involving U.S. ceding insurers. b. A statement that the applicant commits to notify the Commissioner of any future proposed participation in any solvent scheme of arrangement, or similar procedure, as soon as practicable. 		
9.	Ins 601.06(b)(6)	<p>Form CR-1 (For Initial and Renewal Applications): The applicant must provide the New Hampshire Insurance Department's Form CR-1, which must be properly executed by an officer authorized to bind the applicant to the commitments set forth in the form.</p>		
10.	Ins 601.06(b)(7)a-g Ins 601.06(a)(3) Ins 601.06(b)(4)i Ins 601.06(b)(8)(e) Ins 601.12	<p>Other Requirements: The applicant must:</p> <ul style="list-style-type: none"> a. Commit to comply with other requirements deemed necessary for certification by the certifying state. b. Provide a statement that the applicant agrees to post 100% security upon the entry of an order of rehabilitation or conservation against the ceding insurer or its estate. c. Discuss the liquidation priority of obligations to a ceding insurer in the certified reinsurer's domiciliary jurisdiction in the context of an insolvency proceeding. d. Reinsurance contracts entered into or renewed shall include a proper 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 under this section for reinsurance ceded to the certified reinsurer. e. Provide a copy of Supervisory College report if available. 		

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11.	Ins 601.06(b)(1)	<p>Public Notice Requirement: The New Hampshire Insurance Commissioner is required to post notice on the insurance department’s website promptly upon receipt of any application for certification, including instructions on how members of the public may respond to the application. The New Hampshire Insurance Commissioner may not take final action on the application until at least 30 days after posting such notice. The New Hampshire Insurance Commissioner will consider any comments received during the public notice period with respect to this application. **Company needs to submit public copy of application – make sure no confidential items are included. **</p>		

ⁱ Protocol for Considering a Group Rating

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

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