

PRESS STATEMENT, November 8, 2011

## **International Insurance Associations Applaud US NAIC Action to Approve Reinsurance Collateral Reduction**

*Washington, DC, United States; London, United Kingdom; Hamilton, Bermuda:*

After a 12 year effort, on November 6 the US National Association of Insurance Commissioners (NAIC) unanimously approved the new model law and regulation on credit for reinsurance which includes a new provision to allow qualified foreign reinsurers from certain jurisdictions to support their US cross border business with reduced collateral. The model law and regulation, if adopted by the states, creates a new framework for approval of both qualified foreign jurisdictions and qualified reinsurers from those jurisdictions. The states of Florida, Indiana, New Jersey and New York have already approved similar legislation or regulation.

Here are statements approving the NAIC's action from: the International Underwriting Association (IUA); the Reinsurance Association of America (RAA) and the Association of Bermuda Insurers and Reinsurers (ABIR).

"The IUA is very pleased that the NAIC has taken this important step in modernising US reinsurance regulation. The unanimous vote shows the breadth of support for these important improvements in US credit for reinsurance rules and for rationalizing the collateral requirements applicable to non-US reinsurers who support the US market. We hope individual states will now act promptly to implement these new provisions."

Dave Matcham, Chief Executive International Underwriting Association

"The RAA commends the NAIC for unanimously passing the credit for reinsurance model law changes. Modernization of reinsurance regulation, including collateral reform, is necessary and we applaud the NAIC for taking this important step. We look forward to working with the NAIC as they implement these changes and continue to review other areas for possible improvements."

Franklin W. Nutter, President Reinsurance Association of America.

"We congratulate Commissioner Tom Considine for his leadership in completing the NAIC's work on a collateral reduction measure for financially strong, well regulated international reinsurers. This model language, if implemented, will recognize the important contribution made to US consumers by financially strong international reinsurers regulated under Bermuda's internationally recognized regulatory regime. Because it recognizes the value of global risk spreading, the states should move to adopt this model law as part of their solvency modernization effort."

Bradley Kading, President Association of Bermuda Insurers and Reinsurers.