



THE GENERAL INSURANCE ASSOCIATION OF JAPAN

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Director Chlora Lindley-Myers, Chair (Missouri)

Director Ray Farmer, Vice Chair (South Carolina)

National Association of Insurance Commissioners, Reinsurance (E) Task Force

Via email to [jstultz@naic.org](mailto:jstultz@naic.org), [dschelp@naic.org](mailto:dschelp@naic.org)

Re: GIAJ Comments on the proposed Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions

Dear Director Lindley-Myers and Director Farmer,

The General Insurance Association of Japan (GIAJ) appreciates the opportunity to comment on the proposed revisions to the Process for Evaluating Qualified and Reciprocal Jurisdictions.

We note that the proposed revisions incorporate principles such as consistency with existing rules, fair treatment among insurers, efficiency of supervision, and removal of duplicative regulations, which the GIAJ has been seeking.

We expect the actual evaluation processes regarding the Reciprocal Jurisdictions to which Qualified Jurisdictions are to be subjected and criteria which will be applied on Certified Reinsurers to be transparent and efficient.

We wish to submit some comments on the proposed revisions to individual paragraphs and the future evaluation processes.

#### **I. Preamble**

The sentence in the last paragraph, “recognize key NAIC solvency initiatives, including group supervision and group capital standards”, does not seem to be used in the Credit for Reinsurance Model Law (#785) and Regulation (#786). From the standpoint of eliminating any prejudgments, we propose aligning the phrase with Section 9.B.(3)(c) in #786 and III. 13. c. iii. in this proposed revision. Specifically, it should be rewritten as follows: “recognize the U.S. state regulatory approach to group supervision and group capital”

Also, another sentence in the same paragraph, “receive similar treatment as that provided under the EU and UK Covered Agreements”, seems ambiguous. Those jurisdictions which are RJ should be given the same treatment whether they conclude Covered Agreement with the US or not. Therefore, we propose revising it to “the same

treatment as that of the EU and UK”. Where it is necessary to cater for unintended legal interpretations caused by conclusion/non-conclusion of Covered Agreement, we propose revising it to ”substantially the same treatment as that of the EU and UK”.

## **II. Principles for Evaluation of Non-U.S. Jurisdictions**

### **Paragraph 3.**

The sentence “recognize the states’ approach to group supervision, including group capital” does not seem to be used in the Credit for Reinsurance Model Law (#785) and Regulation (#786). From the standpoint of eliminating any prejudgments, we propose aligning the phrase with Section 9.B.(3)(c) in #786 and III. 13. c. iii. in this proposed revision. Specifically, it should be rewritten as follows: ”recognize the U.S. state regulatory approach to group supervision and group capital”

### **Paragraph 7.**

We welcome a reference to the “passporting” process which facilitates multi-state recognition of assuming insurers and encourages uniformity among states.

## **III. Procedure for Evaluation of Non-U.S. Jurisdictions**

### **12. Process for Evaluation after Initial Approval c.**

We note that “a yearly due diligence review” will be performed to determine whether ‘significant changes’ that might affect their status as Qualified Jurisdictions exist. We expect the review will not be too specific and will be performed efficiently. We would like the NAIC to clarify what will be assumed to be ‘significant changes’ as soon as the specific process of the review is determined.

### **13. Review of Qualified Jurisdictions as Reciprocal Jurisdictions a.**

From the standpoint of the efficiency of the regulations, we support the sentences below: “utilize such processes and procedures as outlined in the immediately-preceding paragraphs 1 – 12 of Section III. *Procedure for Evaluation of Non-U.S. Jurisdictions* such as the Qualified Jurisdiction Working Group deems appropriate.”

### **13. Review of Qualified Jurisdictions as Reciprocal Jurisdictions b.**

At the same time, we propose clarifying to the extent possible from the standpoint of clarity of regulation, what are required in “until there has been sufficient United States experience with that jurisdiction and its Certified Reinsurers that the Working Group believes it is appropriate to progress from collateral reduction to collateral elimination” and ”Nothing in this process requires a finding that a Qualified Jurisdiction meets the standards for recognition as a Reciprocal Jurisdiction, and the Qualified Jurisdiction Working Group may base such recommendation on factors not specifically included in this process”.

### **13. Review of Qualified Jurisdictions as Reciprocal Jurisdictions d.**

In line with the points we made in our past comments, from the standpoint of efficiency, it should be sufficient if the recognition of the U.S. state regulatory approach to group supervision by Qualified Jurisdictions is secured in effect.

**Others**

We would like the NAIC to clarify the future process and schedule which Qualified Jurisdictions not subjected to an in-force Covered Agreement including Japan will go through, with regard to a yearly due diligence review of Qualified Jurisdictions and review of Qualified Jurisdictions as Reciprocal Jurisdictions.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Kawagoe', with a stylized flourish at the end.

Makoto Kawagoe  
General Manager,  
International Business Planning Department  
The General Insurance Association of Japan