

REQUIREMENTS FOR ACCREDITED REINSURERS

In order to obtain accreditation pursuant to § [38.2-1316.2 A 2](#) of the Code of Virginia, a foreign assuming insurer must have surplus to policyholders of not less than \$20,000,000, or in the case of a United States branch of an alien assuming insurer, have trusteed surplus of not less than \$20,000,000. The following items must be submitted to the Bureau of Insurance:

1. A properly executed [Certificate of Assuming Insurer](#);
2. A certified copy of a certificate of authority, license, certificate of compliance, or other evidence that the assuming insurer is licensed to transact insurance or reinsurance in at least one state, or in the case of a United States branch of an alien assuming insurer, is entered through and licensed to transact insurance or reinsurance in at least one state;
3. If not filed with the NAIC, a copy of the assuming insurer's Annual Statement for the preceding calendar year and Quarterly Statement for the most recent quarter ended in the current calendar year. Both statements must bear signatures of the officers and a notary public along with a notarial seal. Unless otherwise provided in [Title 38.2](#) of the Code of Virginia, or by any applicable rule, regulation or administrative letter, both statements are to be prepared in accordance with the applicable instructions and the applicable Accounting Practices and Procedures Manual adopted by the National Association of Insurance Commissioners. **All schedules and exhibits must be attached including an actuarial opinion on loss reserves and management's discussion and analysis;**
4. A copy of the assuming insurer's statement of trusteed surplus, if the assuming insurer is a United States branch of an alien assuming insurer;
5. A copy of the most recent examination report made by the assuming insurer's state of domicile (or entry) and certified by that state's Commissioner of Insurance; and
6. An original copy of the most recent audited financial report.

The Bureau of Insurance intends to act on all requests for recognition under § [38.2-1316.2 A 2](#) of the Code of Virginia within a reasonable time frame. The failure to respond within ten (10) days to any request by the Bureau of Insurance for additional documents or clarification shall be considered grounds for refusing to recognize the assuming insurer as an accredited reinsurer.

All items should be submitted at one time to the attention of:

Gregory S. Yeatts
Senior Insurance Financial Analyst
State Corporation Commission
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Richmond, VA 23218
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REQUIREMENTS FOR SUBSTANTIALLY SIMILAR REINSURERS

In general, to obtain status as a substantially similar reinsurer pursuant to § [38.2-1316.2 A 3](#) of the Code of Virginia, a foreign assuming insurer must have surplus to policyholders of not less than \$20,000,000 or in the case of a United States branch of an alien assuming insurer, have trustee surplus of not less than \$20,000,000. Substantially similar standards means standards regarding credit for reinsurance which the Bureau of Insurance determines equal or exceed the standards of Virginia. In either case the following items must also be submitted to the Bureau of Insurance for obtaining status as a substantially similar reinsurer:

1. A properly executed [Certificate of Assuming Insurer](#);
2. A certified copy of a certificate of authority, license, certificate of compliance, or other evidence that the assuming insurer is licensed to transact insurance or reinsurance in at least one state, or in the case of a United States branch of an alien assuming insurer, is entered through and licensed to transact insurance or reinsurance in at least one state;
3. If not filed with the NAIC, a copy of the assuming insurer's Annual Statement for the preceding calendar year and Quarterly Statement for the most recent quarter ended in the current calendar year. Both statements must bear signatures of the officers and a notary public along with a notarial seal. Unless otherwise provided in [Title 38.2](#) of the Code of Virginia, or by any applicable rule, regulation or administrative letter, both statements are to be prepared in accordance with the applicable instructions and the applicable Accounting Practices and Procedures Manual adopted by the National Association of Insurance Commissioners. **All schedules and exhibits must be attached including an actuarial opinion on loss reserves and management's discussion and analysis;**
4. A copy of the assuming insurer's statement of trustee surplus, if the assuming insurer is a United States branch of an alien assuming insurer;
5. A copy of the most recent examination report made by the assuming insurer's state of domicile (or entry) and certified by that state's Commissioner of Insurance;
6. An original copy of the most recent audited financial report;
7. A memorandum explaining how the credit for reinsurance standards of the assuming insurer's state of domicile or entry are substantially similar to Virginia's credit for reinsurance standards;
8. A copy of the statutes, regulations, and interpretations of the standards utilized by the state of domicile or entry of the assuming insurer, which support the basis for requesting the status of a substantially similar reinsurer; and
9. If applicant is applying for substantially similar status, and utilizing the reduced surplus option, a copy of the reinsurance pooling agreement should be filed with the application.

The Bureau of Insurance intends to act on all requests for recognition under § [38.2-1316.2 A 3](#) of the Code of Virginia within a reasonable time frame. The failure to respond within ten (10) days to any request by the Bureau of Insurance for additional documents or clarification shall be considered grounds for refusing to recognize the assuming insurer as an accredited reinsurer.

All items should be submitted at one time to the attention of:

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REQUIREMENTS FOR A TRUSTEED REINSURER: SINGLE ASSUMING INSURER

In order to be considered for status as a trustee reinsurer pursuant to § [38.2-1316.2 A 4 \(a\)](#) of the Code of Virginia, a single assuming insurer must maintain a trust fund in a qualified United States financial institution for the payment of valid claims of its United States policyholders and ceding insurers, their assigns and successors in interest. The trust must consist of a trust account representing the assuming insurer's liabilities attributable to business written in the United States, and in addition, the assuming insurer shall maintain a trustee surplus of not less than \$20,000,000. The following items must be submitted to the Bureau of Insurance:

1. A properly executed [Certificate of Assuming Insurer](#);
2. A copy of the trust agreement pertaining to the requisite trust funds along with a statement identifying and locating the specific provisions in the agreement which satisfy the form of trust requirements set forth in § [38.2-1316.2 E](#) of the Code of Virginia;
3. A certified statement from the trustee of the trust listing the assets in the trust;
4. A certified statement and accounting of trustee surplus executed by a duly authorized officer or representative of the trustee assuming insurer;
5. Information substantially the same as that required to be reported on the NAIC Annual Statement form by licensed insurers, to enable the Bureau of Insurance to determine the sufficiency of the trust fund; and
6. A certified English translation of any foreign language documents filed.

Pursuant to § [38.2-1316.2 E](#) of the Code of Virginia, the trust referred to above must contain the following conditions:

1. The trust instrument shall provide that contested claims shall be valid and enforceable upon the final order of any court of competent jurisdiction in the United States;
2. The trust shall vest legal title to its assets in the trustees of the trust for its United States policyholders and ceding insurers, their assigns and successors in interest;
3. The trust and the assuming insurer shall be subject to examination as determined by the Commission;
4. The trust described herein must remain in effect for as long as the assuming insurer, shall have outstanding obligations due under the reinsurance agreements subject to the trust; and
5. No later than February 28 of each year the trustees of the trust shall report to the Commission in writing setting forth the balance of the trust, and listing the trust's investments at the preceding year end, and shall certify the date of the termination of the trust, if so planned, or certify that the trust shall not expire prior to the next following December 31.

The Bureau of Insurance intends to act on all requests for recognition under § [38.2-1316.2 A 4 \(a\)](#) of the Code of Virginia within a reasonable time frame. The failure to respond within ten (10) days to any request by the Bureau of Insurance for additional documents or clarification shall be considered grounds for refusing to recognize the assuming insurer as a trustee reinsurer.

All items should be submitted at one time to the attention of:

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REQUIREMENTS FOR A TRUSTEED REINSURER: ASSOCIATION, INCLUDING INCORPORATED AND UNINCORPORATED UNDERWRITERS

In order to be considered for status as a trustee reinsurer pursuant to § [38.2-1316.2 A 4 \(c\)](#) of the Code of Virginia, an association, including incorporated and individual unincorporated underwriters, must maintain a trust fund in a qualified United States financial institution for the payment of valid claims of its United States policyholders and ceding insurers, their assigns and successor in interest. The trust must consist of a trustee account representing the association's liabilities attributable to business written in the United States, and in addition, the association shall maintain a trustee surplus of which \$100,000,000 shall be held jointly for the benefit of United States ceding insurers of any member of the association. The following items must be submitted to the Bureau of Insurance:

1. A properly executed [Certificate of Assuming Insurer](#);
2. A copy of the trust agreement pertaining to the requisite trust funds along with a statement identifying and locating the specific provisions in the agreement which satisfy the form of trust requirements set forth in § [38.2-1316.2 E](#) of the Code of Virginia;
3. A certified statement from the trustee of the trust listing the assets in the trust;
4. A certified statement and accounting of trustee surplus executed by a duly authorized officer or representative of the trustee assuming insurer;
5. Information substantially the same as that required to be reported on the NAIC Annual Statement form by licensed insurers, to enable the Bureau of Insurance to determine the sufficiency of the trust fund;
6. Annual certifications of the solvency of each underwriting member of the group, prepared by the group's domiciliary regulator and its independent accountant; and
7. A certified English translation for any foreign language documents filed.

Pursuant to § [38.2-1316.2 E](#) of the Code of Virginia, the trust referred to above must contain the following conditions:

1. The trust instrument shall provide that contested claims shall be valid and enforceable upon the final order of any court of competent jurisdiction in the United States;
2. The trust shall vest legal title to its assets in the trustees of the trust for its United States policyholders and ceding insurers, their assigns and successors in interest;
3. The trust and the assuming insurer shall be subject to examination as determined by the Commission;
4. The trust described herein must remain in effect for as long as the assuming insurer shall have outstanding obligations due under the reinsurance agreements subject to the trust; and
5. No later than February 28 of each year the trustees of the trust shall report to the Commission in writing setting forth the balance of the trust, and listing the trust's investments at the preceding year end, and shall certify the date of the termination of the trust, if so planned, or certify that the trust shall not expire prior to the next following December 31.

The Bureau of Insurance intends to act on all requests for recognition under § [38.2-1316.2 A 4 \(c\)](#) of the Code of Virginia within a reasonable time frame. The failure to respond within ten (10) days to any request by the Bureau of Insurance for additional documents or clarification shall be considered grounds for refusing to recognize the assuming insurer as a trusted reinsurer.

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REQUIREMENTS FOR A TRUSTEED REINSURER: ASSOCIATION OF INCORPORATED UNDERWRITERS

In order to be considered for status as a trustee reinsurer pursuant to § [38.2-1316.2 A 4 \(d\)](#) of the Code of Virginia, an association of incorporated underwriters must maintain a trust fund in a qualified United States financial institution for the payment of valid claims of its United States policyholders and ceding insurers, their assigns and successor in interest. The trust must consist of a trustee account representing the association's several liabilities attributable to business ceded by United States ceding insurers to any member of the association pursuant to reinsurance contracts issued in the name of such association. In addition, the association shall maintain a joint trustee surplus of which \$100,000,000 shall be held jointly for the benefit of United States ceding insurers of any member of the association as additional security for any such liabilities. The following items must be submitted to the Bureau of Insurance:

1. A properly executed [Certificate of Assuming Insurer](#);
2. A copy of the trust agreement pertaining to the requisite trust funds along with a statement identifying and locating the specific provisions in the agreement which satisfy the form of trust requirements set forth in § [38.2-1316.2 E](#) of the Code of Virginia;
3. A certified statement from the trustee of the trust listing the assets in the trust;
4. A certified statement and accounting of trustee surplus executed by a duly authorized officer or representative of the trustee assuming insurer;
5. Information substantially the same as that required to be reported on the NAIC Annual Statement form by licensed insurers, to enable the Bureau of Insurance to determine the sufficiency of the trust fund;
6. Annual certifications of the solvency of each underwriting member of the association, prepared by the member's domiciliary regulator and its independent accountant;
7. Evidence of submission to the State Corporation Commission's authority to examine the books and records of any member of the association;
8. Certification that any member examined will bear the expense of any such examination; and
9. A certified English translation of any foreign language documents filed.

Pursuant to § [38.2-1316.2 E](#) of the Code of Virginia, the trust referred to above must contain the following conditions:

1. The trust instrument shall provide that contested claims shall be valid and enforceable upon the final order of any court of competent jurisdiction in the United States;
2. The trust shall vest legal title to its assets in the trustees of the trust for its United States policyholders and ceding insurers, their assigns and successors in interest;
3. The trust and the assuming insurer shall be subject to examination as determined by the Commission;
4. The trust described herein must remain in effect for as long as the assuming insurer shall have

outstanding obligations due under the reinsurance agreements subject to the trust; and

5. No later than February 28 of each year the trustees of the trust shall report to the Commission in writing setting forth the balance of the trust, and listing the trust's investments at the preceding year end, and shall certify the date of the termination of the trust, if so planned, or certify that the trust shall not expire prior to the next following December 31.

The Bureau of Insurance intends to act on all requests for recognition under § [38.2-1316.2 A 4 \(d\)](#) of the Code of Virginia within a reasonable time frame. The failure to respond within ten (10) days to any request by the Bureau of Insurance for additional documents or clarification shall be considered grounds for refusing to recognize the assuming insurer as a trustee reinsurer.

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