

REQUIREMENTS FOR “CERTIFIED REINSURER” STATUS IN VIRGINIA

In order to obtain Certified Reinsurer status pursuant to § [38.2-1316.2 D](#) of the Code of Virginia, a foreign or alien assuming insurer must meet the following requirements:

1. Maintain surplus to policyholders of not less than \$250,000,000;
2. Assuming insurer must be domiciled and licensed to transact insurance or reinsurance in a qualified jurisdiction, as determined by the Commission pursuant to § [38.2-1316.2 D 3](#); and
3. Assuming insurer must maintain financial strength ratings from two or more rating agencies deemed acceptable by the Commission. [14VAC5-300-95 B 4\(a\)](#) of the Virginia Administrative Code provides further information and a table showing sample ratings based on sample ratings from four rating agencies.

Additionally, the following items must be submitted to the Bureau of Insurance:

1. A properly executed [Certificate of Certified Reinsurer](#);
2. 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 and include a managements’s discussion and analysis**;
3. 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;
4. A copy of the most recent audited financial report. For certified reinsurers not domiciled in the U.S., audited financial statements (audited U.S. GAAP basis if available, audited IFRS basis statements are allowed but shall include an audited footnote reconciling equity and net income to a U.S. GAAP basis), regulatory filings, and actuarial opinion (as filed with the non-United States jurisdiction supervisor). Upon the initial application for certification, the Commission will consider audited financial statements for the last three years filed with its non-United States jurisdiction supervisor;
5. Applicants domiciled in the U.S. must provide the most recent NAIC Annual Statement Blank Schedule F (property/casualty) and/or Schedule S (life and health). Applicants domiciled outside the U.S. may provide this information using [Form CR-F](#) (property/casualty) ([Instructions](#)) and/or [Form CR-S](#) (life and health) ([Instructions](#)) (Instructions).
6. An updated list of all disputed and overdue reinsurance claims regarding reinsurance assumed from U.S. domestic ceding insurers; and
7. A certification from the certified reinsurer’s domestic regulator that the certified reinsurer is in good standing and maintains capital in excess of the jurisdiction’s highest regulatory action level.
8. A description of regulatory actions taken against the applicant in the past three (3) years. Include a description of the allegations and all actions taken by the regulator. Do not limit the list to actions taken by

applicant's domiciliary regulator. Include all regulatory actions, fines and penalties, regardless of the amount.

9. A statement regarding whether applicant is currently or has participated in any solvent schemes of arrangement, or a similar procedure, that involves U.S. ceding insurers.

In order to be eligible for certification as a Certified Reinsurer, an association including incorporated and individual unincorporated underwriters, in addition to satisfying the requirements above, shall satisfy the following requirements:

1. The association shall satisfy its minimum capital and surplus requirements through the capital and surplus equivalents, net of liabilities, of the association and its members, which shall include a joint central fund that may be applied to any unsatisfied obligation of the association or any of its members, in an amount determined by the Commission to provide adequate protection;
2. The incorporated members of the association shall not be engaged in any business other than underwriting as a member of the association and shall be subject to the same level of regulation and solvency control by the association's domiciliary regulator as are the unincorporated members; and
3. Within ninety (90) days after its financial statements are due to be filed with the association's domiciliary regulator, the association shall provide to the Commission an annual certification by the association's domiciliary regulator of the solvency of each underwriter member; or if a certification is unavailable, financial statements prepared by independent public accountants, of each underwriter member of the association.

The Bureau of Insurance intends to act on all requests for recognition under § [38.2-1316.2 D](#) of the Code of Virginia within a reasonable time frame. The failure to respond with 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 certified reinsurer.

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

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