

Application Checklist for Certified Reinsurers – Lead State

State of Wisconsin
Office of the Commissioner of Insurance
101 East Wilson Street
Madison, WI 53703-3474

Ref: Chapter Ins 52, Wis. Adm. Code

Applicant Information

Company Name:
Address:
Primary Contact:
Domiciliary Jurisdiction / Supervisory Authority:
Applicable Lines of Business:

Filing Requirements for Full Application

- a. The applicant shall provide the information required if:
- The applicant has not been certified by an NAIC-accredited jurisdiction; or
 - The 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
- c. Applicant is required to indicate in the checklist where appropriate whether they meet each requirement by selecting (Y)es or (N)o for each requirement and provide a reference for supporting documentation

Citation	Requirements	Y/N	Reference or Supporting Documents
52.02(4m)(a)1.	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. The Commissioner will consider the following information with respect to the applicant's domiciliary jurisdiction:		
52.02(4m)(c)1.	a. Whether the domestic supervisory authority has been approved as a Qualified Jurisdiction in this state.	<input type="checkbox"/>	

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52.02(4m)(c)2.	b. Confirmation as to whether the domestic supervisory authority is included on the NAIC List of Qualified Jurisdictions.	<input type="checkbox"/>	
	The applicant must provide the following information:		
52.02(4m)(a)1.	a. A copy of the certificate of authority or license to transact insurance and/or reinsurance from the applicant's domiciliary jurisdiction.	<input type="checkbox"/>	
52.02(4m)(a)5.f.	b. A certification from the applicant's domestic supervisory authority affirming that the applicant is in good standing (or the jurisdiction's equivalent classification) and maintains capital and surplus in excess of the jurisdiction's highest regulatory action level.	<input type="checkbox"/>	
	Mechanisms Used to Secure Obligations Incurred as a Certified Reinsurer: The applicant must specify the mechanisms it will use to secure obligations incurred as a Certified Reinsurer. If the applicant intends to utilize a multi-beneficiary trust (MBT) for this purpose, the applicant must submit;		
52.02(4m)(a)6.	a. A copy of the approval from the domiciliary regulator with regulatory oversight of the 100% collateral and reduced collateral MBT or its intention to secure the approval of the domiciliary regulator of the trust before either trust can be used.	<input type="checkbox"/>	
52.02(4m)(a)6.	b. The form of the trust that will be used to secure obligations incurred as a certified reinsurer.	<input type="checkbox"/>	
52.02(4m)(a)6.	c. 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)	<input type="checkbox"/>	
52.02(4m)(a)6.	The form of each trust is required to be submitted in order to ensure that security for these obligations will be	<input type="checkbox"/>	

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	kept separate and to ensure that each trust meets the requirements of the state's Credit for Reinsurance statute and/or regulation.		
52.02(4m)(a)6.f.	The MBT provision requires that the certified reinsurer must bind itself by the language of the MBT 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.		
	Financial Strength Ratings (Stand-Alone or Group): The applicant must maintain interactive financial strength ratings from two or more approved 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:		
52.02(4m)(a)3.a.	a. Confirm all interactive financial strength ratings currently maintained by the applicant.		
52.02(4m)(a)3.	b. Specify the type of financial strength rating (i.e., stand-alone or group).		
52.02(4m)(a)3.	c. If the financial strength rating is not on a stand-alone basis, provide the rationale for the group rating. ⁱ		
52.02(4m)(a)3.j.	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.		
52.02(4m)(a)3.j.	e. An explanation of any changes in the financial strength rating during the last three years.		
52.02(4m)(a)3.j.	NOTE: Approved rating agencies are A.M. Best, Fitch Ratings, Moody's Investor Service, or Standard & Poor's		

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	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:		
52.02(4m)(a)3.b.	a. 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;	<input type="checkbox"/>	
52.02(4m)(a)3.b.	b. 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,	<input type="checkbox"/>	
	Then, in either case, the applicant will provide:		
52.02(4m)(a)3.b.	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.	<input type="checkbox"/>	
52.02(4m)(a)3.b.	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.	<input type="checkbox"/>	
52.02(4m)(a)3.b.	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.	<input type="checkbox"/>	

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52.02(4m)(a)3.c.	Schedules for Reinsurance Assumed and Reinsurance Ceded: The applicant must provide the following: <ul 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). 	<input type="checkbox"/>	
52.02(4m)(a)3.c.	<ul style="list-style-type: none"> 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. 	<input type="checkbox"/>	
	Regulatory Actions: The applicant must provide a description of any regulatory actions taken against the applicant for the past three years.	<input type="checkbox"/>	
52.02(4m)(a)3.e.	<ul style="list-style-type: none"> a. Include all regulatory actions, fines and penalties, regardless of the amount. 	<input type="checkbox"/>	
52.02(4m)(a)5.a.	<ul style="list-style-type: none"> b. Provide a description of any changes in with respect to the provisions of the applicant's domiciliary license. 	<input type="checkbox"/>	
	Financial/Regulatory Filings: The applicant must provide the following:	<input type="checkbox"/>	
52.02(4m)(a)3.f.	<ul style="list-style-type: none"> a. A copy of the most recent report of the independent auditor. 	<input type="checkbox"/>	
52.02(4m)(a)3.f. 52.02(4m)(a)2.	<ul style="list-style-type: none"> 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 \$250,000,000. 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 \$250,000,000, 	<input type="checkbox"/>	

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	and a central fund containing a balance of at least \$250,000,000. Please note the following requirements with respect to these financial statements:		
52.02(4m)(a)3.g.	1. Audited U.S. GAAP basis statements must be submitted if available.	<input type="checkbox"/>	
52.02(4m)(a)3.g.	2. Audited IFRS basis statements are acceptable but must include an audited footnote reconciling equity and net income to a U.S. GAAP basis.	<input type="checkbox"/>	
52.02(4m)(a)3.g.	3. 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.	<input type="checkbox"/>	
52.02(4m)(a)3.g.	4. 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.	<input type="checkbox"/>	
52.02(4m)(a)3.g.	c. A copy of the Actuarial Opinion and other regulatory filings, as filed with the applicant's domiciliary supervisor. Reinsurance-FAWG requires a stand-alone Actuarial Opinion for passporting purposes,	<input type="checkbox"/>	

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	or the functional equivalent under the Supervisor's applicable Actuarial Function Holder Regime.		
	Solvent Schemes of Arrangement: The applicant must provide:		
52.02(4m)(a)3.i.	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.	<input type="checkbox"/>	
52.02(4m)(a)3.i.	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.	<input type="checkbox"/>	
	Form CR-1 (For ALL Applications): The applicant must provide Wisconsin Form CR-1, which must be properly executed by an officer authorized to bind the applicant to the commitments set forth in the form.	<input type="checkbox"/>	
	Other Requirements: The applicant must:		
52.02(4m)(a)7.	a. Commit to comply with other reasonable requirements deemed necessary for certification by the certifying state.	<input type="checkbox"/>	
52.02(4m)(a)6.b.	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.	<input type="checkbox"/>	
52.02(4m)(a)3.	Public Notice Requirement: The Commissioner is required to post notice on the insurance department's web site promptly upon receipt of any application for certification, including instructions on how members of the public may respond to the application.		

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	The Commissioner may not take final action on the application until at least 30 days after posting such notice. The Commissioner will consider any comments received during the public notice period with respect to this application.		

ⁱ 1 Protocol for Considering a Group Rating

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 Commissioner; or
- To assist the Commissioner 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.