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Federal Department of Finance FDF

State Secretariat for International Financial Matters SIF
The State Secretary

CH-3003 Bern, SIF

Ms. Julie Mix McPeak
NAIC President, Commissioner
Tennessee Dept. of Commerce & Insurance
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Request for comments on approaches to reinsurance collateral reform

Dear Ms. President,

We highly appreciate the NAIC's call for comments and the possibility to provide feedback to some elements of the NAIC's questionnaire. Our following comments pertain to approaches (2) and (3) in particular.

The Covered Agreement between the United States and the European Union has the potential to discriminate against those non-US reinsurers that are domiciled outside the European Union. The same applies to international insurance groups since the scope of the collateral requirements also extends to their intra-group reinsurance transactions.

While there is a number of large providers in the global reinsurance market, it is not concentrated. Should the risk of unequal reinsurance treatment in the US insurance market materialize, it would not only imply an uneven playing field in the global reinsurance market but also incentivize US cedents to select their reinsurance providers from a smaller group. Such a concentration would likely be contrary to the goals of stability on the local and global level.

Therefore, Switzerland strongly advocates for a non-discrimination among non-US reinsurers on the US market. This might be achieved by entering into additional covered agreements as outlined in approach (2). However, the approach under point (3), which builds on the NAIC's Qualified Jurisdiction concept, would equally well lead to the desired outcome of equal treatment. Presumably, this approach could even be faster, cheaper and less cumbersome for participants and stakeholders alike. Hence, while Switzerland is open to both the approaches

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(2) and (3), it would from this perspective appear preferable if the NAIC and the state regulators were to impose the same collateral requirements on Qualified Jurisdiction as on European Union based reinsurers.

Let me thank you again for this opportunity to express our view.

Kind regards



Jörg Gasser
State Secretary