New York submits the following comments regarding the draft 2015 Supplemental XXX/AXXX Reinsurance Exhibit:

1. The draft Exhibit does not capture specific details regarding excess of loss reinsurance, contingent notes, or credit linked notes as “security” to support XXX/AXXX transactions, which would not normally be recognized as admitted assets under statutory accounting. Our recent experience indicates the use of these vehicles has been increasing. It appears the proposed Exhibit might contemplate that these items be included in “All Other Assets”, or perhaps included within the other row items in Parts 3 and 4. We recommend a separate row be included in Parts 3 and 4 for each of: excess of loss reinsurance, contingent notes, and credit linked notes. We note the catch all “All Other Assets” category would still be needed. We also note that the “All Other Assets” row was not carried to Part 4. We believe that was an oversight.

2. The Exhibit collects information on Term and ULSG reinsurance, but there is no information for other blocks. We recommend the scope be expanded to include all business, including VAGLB business, ceded to captives or off-shore affiliates.

3. The Exhibit does not capture the numerical RBC impact of XXX/AXXX transactions. The proposal does include an interrogatory asking if the company would be in a RBC regulatory action level if the reinsurance had not occurred. However, this assumes that the “other security” could be held by the ceding company as admitted assets. We think the “other security” should be excluded as an admitted asset in this test. We also recommend that the numerical value of the RBC impact for each cession be captured. In New York’s prior analysis, insurers reported an average increase in RBC of approximately 250 percent as a result of XXX/AXXX transactions. NY also made this recommendation in 2014, but it was too late to incorporate into the Exhibit.

4. Parts 2A and 2B do not include a column for the amount of any liability established by the issuers of any parental guarantees, etc. While this is not very common, we have seen instances where issuers of the parental guarantees have established liabilities for such.

5. Part 1 of the Exhibit includes an indication as to whether the reinsurer is certified. It would be beneficial if the applicable rating of the certified reinsurer (1-6) were included as well.

6. We believe there are several reference typos in the interrogatories – Interrogatory 5.1 refers to Part 4 which we believe should be Part 3, Interrogatory 6.2 refers to the response to 5.1 which we believe should be the response to 6.1, and Interrogatory 7.2 refers to the response to 6.1 which we believe should be the response to 7.1.

Thank you for the opportunity to comment.

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