

Notice of Public Hearing
LSA Document #21-519

Notice of Public Hearing

Under [IC 4-22-2-24](#), notice is hereby given that on March 30, 2022, at 10:00 a.m., at the Department of Insurance, 311 West Washington Street, Suite 103, Indianapolis, Indiana, the Department of Insurance will hold a public hearing on a proposed rule to amend [760 IAC 1-56](#) regarding credit for reinsurance. [IC 27-6-10.1](#) and [760 IAC 1-56](#) determine when a ceding insurer licensed or domiciled in a state can take credit on its financial statement for risk ceded to a reinsurer, either as an asset or a reduction in liabilities. The proposed rule eliminates reinsurance collateral requirements for reinsurers licensed and domiciled in reciprocal jurisdictions. The proposed rule includes Form RJ-1, which is a Certificate of Reinsurer Domiciled in Reciprocal Jurisdiction.

There will be minimal costs to reinsurers to comply with the proposed rule. Allowing insurers to receive credit for reinsurance and eliminating additional collateral requirements for reinsurers if the reinsurer is domiciled in a reciprocal jurisdiction provides U.S. domestic insurers with greater access to global reinsurance and improves diversification of risk. Any cost in complying with the proposed rule is outweighed by the reduction in costs to reinsurers.

The proposed rule is based upon amendments to a model regulation adopted by the National Association of Insurance Commissioners (NAIC). The amendments to the model regulation must be adopted in each state in order for that state to maintain its accreditation with the NAIC. States failing to maintain NAIC accreditation will subject domestic insurers to financial examinations from each of the other NAIC accredited jurisdictions. In addition, if these amendments are not adopted by September 1, 2022, Indiana faces federal preemption by the Federal Insurance Office.

Copies of these rules are available on the Department of Insurance's website at www.in.gov/idoi/2591.htm. Copies of these rules are now on file at the Department of Insurance, 311 West Washington Street, Suite 103, Indianapolis, Indiana and are open for public inspection and copying.

Amy L. Beard
Commissioner
Department of Insurance

Posted: 02/23/2022 by Legislative Services Agency
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