

BEFORE THE COMMISSIONER OF INSURANCE

STATE OF GEORGIA

IN THE MATTER OF:

**REGULATION 120-2-78
CREDIT FOR REINSURANCE**

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DOCKET NUMBER I-13-I-4

ORDER

I. STATEMENT OF PROCEEDINGS

On March 5, 2013, Notice of Intent to Adopt Rule Changes and Notice of Hearing was given regarding the following proposed regulatory actions (Record, Exhibit 1):

- Repealing Regulation Section 120-2-78 entitled "Credit For Reinsurance" and adding a new Regulation Section 120-2-78 with the same title;
- Repealing Regulation 120-2-78-.01 entitled "Authority" and adding a new Regulation 120-2-78-.01 with the same title;
- Repealing Regulation 120-2-78-.02 entitled "Purpose" and adding a new Regulation 120-2-78-.02 with the same title;
- Repealing Regulation 120-2-78-.03 entitled "Trust Agreements" and adding a new Regulation 120-2-78-.03 entitled "Severability";
- Repealing Regulation 120-2-78-.04 entitled "Letters of Credit" and adding a new Regulation 120-2-78-.04 entitled "Credit for Reinsurance-Reinsurer Licensed in this State";
- Repealing Regulation 120-2-78-.05 entitled "Other Security" and adding a new Regulation 120-2-78-.05 entitled "Credit for Reinsurance-Accredited Reinsurers";
- Repealing Regulation 120-2-78-.06 entitled "Reinsurance Contract" and adding a new Regulation 120-2-78-.06 entitled "Credit for Reinsurance-Reinsurer Domiciled and Licensed in Another State";
- Repealing Regulation 120-2-78-.07 entitled "Contracts Affected" and adding a new Regulation 120-2-78-.07 entitled "Credit for Reinsurance-Reinsurers Maintaining Trust Funds";
- Repealing Regulation 120-2-78-.08 entitled "Severability" and adding a new Regulation 120-2-78-.08 entitled "Credit for Reinsurance-Certified Reinsurers";
- Repealing Regulation 120-2-78-.09 entitled "Penalties" and adding a new Regulation 120-2-78-.09 entitled "Credit for Reinsurance Required by Law";
- Adding Regulation 120-2-78-.10 entitled "Asset or Reduction from Liability for Reinsurance Ceded to Unauthorized Assuming Insurer Not Meeting the Requirements of Sections 4 through 8";
- Adding Regulation 120-2-78-.11 entitled "Trust Agreements Qualified Under Section 9";

- Adding Regulation 120-2-78-.12 entitled “Letters of Credit Qualified Under Section 9”;
- Adding Regulation 120-2-78-.13 entitled “Other Security”;
- Adding Regulation 120-2-78-.14 entitled “Reinsurance Contract”;
- Adding Regulation 120-2-78-.15 entitled “Contract Affected”;
- Adding a form entitled “Form AR-I Certificate of Assuming Insurer”;
- Adding a form entitled “Form CR-1 Certificate of Certified Reinsurer”;
- Adding forms entitled “Form CR-F Part I,” and “CR-F Part II”; and
- Adding forms entitled “Form CR-S Part I,” “Form CR-S Part II” and “Form CR-S Part III.”

By letter dated March 21, 2012, the Office of the Attorney General opined that the proposed regulatory actions are within this office’s scope of authority (Record, Exhibit 5).

Pursuant to O.C.G.A. Section 50-13-4(e), the proposed regulatory changes were transmitted to Wayne R. Allen, Legislative Counsel for the General Assembly, for assignment to the appropriate standing committees of the Senate and House of Representatives (Record, Exhibit 6) and were assigned accordingly (Record, Exhibit 7).

II. CONSIDERATION OF ALL COMMENTS OFFERED AT THE HEARING

Interested persons were given the opportunity to participate in the proposed rulemaking by submitting their written comments to the Georgia Department of Insurance (the “Department”) by April 12, 2013, and by making oral comments at the public hearing held April 16, 2013. Joseph Gunset, General Counsel for Lloyd’s America offered written comments in support of the proposed regulation (Exhibit 8). Amy Atkinson, counsel for Munich Reinsurance, offered oral comments in support of the proposed regulation (Transcript, p.7). Don Roof, Director of the Insurance and Financial Oversight Division of the Department, also spoke in favor of the proposed regulation (Transcript, pp. 6-7). No other comments were offered.

According to Mr. Roof asserted that the proposed changes to Regulation 120-2-78 would make the regulation consistent with the NAIC’s Credit for Reinsurance Model Regulation.

Moreover, the most significant proposed changes to Regulation 120-2-78 are the procedures provided to certify a reinsurer and the amount of collateral a certified reinsurer will be required to post.

III. DECISION

WHEREAS, the Commissioner finds persuasive the comments offered by Mr. Roof and others regarding the need for the proposed regulation, and **WHEREAS**, no comments were offered in opposition, **IT IS HEREBY ORDERED** that the proposed regulation, a copy of which is attached hereto and made a part by reference, is **HEREBY ADOPTED**.

Given under my Hand and Seal this 16th day of May, 2013.



RALPH T. HUDGENS
INSURANCE AND SAFETY FIRE COMMISSIONER
STATE OF GEORGIA