



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

BULLETIN No. FS-24
December 3, 2012

TO: All Licensed Domestic Insurers, Health Care Centers, Fraternal Benefit Societies, and Title Insurers

RE: Credit for Reinsurance Reporting Requirements

The purpose of this Bulletin is to remind all Connecticut licensed domestic insurers, health care centers, fraternal benefit societies, and title insurers of new reporting requirements effective October 1, 2012 pursuant to the amended Credit for Reinsurance law.

Section 1 of Connecticut Public Act No. 12-139, which was effective October 1, 2012, amended Conn. Gen. Stat. §38a-85 to align with the amendments to the NAIC Credit for Reinsurance Model Law as adopted by the NAIC membership on November 6, 2011. Those revisions provided for the inclusion of new reporting requirements as follows:

(k) (1) A domestic ceding insurer shall manage its reinsurance recoverables in proportion to its own book of business. **Such insurer shall notify the commissioner not later than thirty days after (A) reinsurance recoverables from any single assuming insurer or group of affiliated assuming insurers exceed fifty per cent of the domestic ceding insurer's last reported surplus to policyholders, or (B) the domestic ceding insurer determines that reinsurance recoverables from any single assuming insurer or group of affiliated assuming insurers are likely to exceed such limit.** Any such notice shall demonstrate that the exposure is safely managed by the domestic ceding insurer.

(2) A ceding insurer shall manage its reinsurance program to ensure diversification. **A domestic ceding insurer shall notify the commissioner not later than thirty days after (A) it has ceded to any single assuming insurer or group of affiliated assuming insurers more than twenty per cent of the domestic ceding insurer's gross written premiums in the prior calendar year, or (B) the domestic ceding insurer determines that the reinsurance ceded to any single assuming insurer or group of affiliated assuming insurers is likely to exceed such limit.** Any such notice shall demonstrate that the exposure is safely managed by the domestic ceding insurer.

(emphasis added)

This also applies to all affiliated reinsurance arrangements, including pooling agreements.

Please contact the Insurance Department Financial Regulation Division at 860.297.3814 or ctinsdept.financial@ct.gov with any questions.

A handwritten signature in blue ink, appearing to read "Tom B. Leonardi".

Thomas B. Leonardi
Insurance Commissioner