

## **PROCEDURE FOR THE RECOGNITION AS AN ACCREDITED REINSURER OF A FOREIGN STOCK LIFE INSURANCE COMPANY IN THE STATE OF NEW YORK**

A foreign life insurance company may become a non-admitted accredited reinsurer in New York pursuant to Section 1301(a)(14) of the Insurance Law and Regulation No. 20 (11 NYCRR 125.5) of the Insurance Division of the New York State Department of Financial Services, provided that the applying reinsurer presents satisfactory evidence that it meets the applicable standards of solvency in New York.

Formal application for a Certificate of Recognition as an Accredited Reinsurer may be made by letter from the Company stating that it is applying for such recognition and specifying which paragraphs of Section 1113(a) of the Insurance Law cover the classes of insurance for which a Certificate of Recognition is requested. The business of life insurance is authorized under Paragraph 1 of Section 1113(a). In addition, such a company may be recognized to do reinsurance of the kinds of insurance specified in Paragraph 2 (annuities) and Paragraph 3 (accident and health) of Section 1113(a), without additional capital and surplus. In the letter of application the company should also state the reasons for its desire to be recognized as an accredited reinsurer and state its anticipated sources of business.

The financial requirements of an accredited reinsurer are the same as those for a company seeking a license to engage in the direct writing of insurance. This means that a life insurance company must have, as a minimum, paid-in capital of \$2,000,000 and paid-in surplus of \$4,000,000 and paid-in surplus to policyholders of \$6,000,000 (which is included in the capital and surplus) (Section 4202 of the Insurance Law). Furthermore, a determination will be made as to the reasonableness of surplus to policyholders in relationship to the outstanding liabilities and financial needs of the company. Additional capitalization may be required. A deposit of at least \$200,000 in eligible securities must be deposited with the New York Superintendent of Financial Services or the appropriate official in the state of domicile of the foreign company if the company is writing life insurance and/or annuities. An additional \$200,000 in such securities must be on deposit if the company is writing accident and health insurance (Section 4206 of the Insurance Law). These amounts are included in the required amounts for paid-in capital and surplus.

An accredited reinsurer is expected to be in compliance with all of New York's reserve requirements including, but not limited to, Regulations 56, 126, 147 of the Insurance Division of the New York State Department of Financial Services and Section 4217 of the New York Insurance Law.

An applicant must have transacted the classes of insurance for which it seeks to be accredited for at least three years. These requirements will be implemented on a case by case basis, and it may be waived at the discretion of the New York State Department of Financial Services when it is deemed to be in the best interests of the policyholders of this State to do so.

The company must also execute a resolution pursuant to Section 1106 of the Insurance Law.

In addition, biographical questionnaires for each of the key personnel of the company and various other documents and materials must be submitted. See the checklist.

Regulation No. 20 (11 NYCRR 125.8) of the Insurance Division of the New York State Department of Financial Services requires payment of a \$1,000 annual filing and processing charge payable to the Superintendent of Financial Services. Payment of the first year's annual filing and processing charge must be received before a Certificate of Recognition as an Accredited Reinsurer will be issued.