



State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF INSURANCE

OFFICE OF SOLVENCY REGULATION

PO Box 325

TRENTON, NJ 08625-0325

TEL (609) 292-7272

FAX (609) 292-6765

PHIL MURPHY
Governor

SHEILA OLIVER
Lt. Governor

MARLENE CARIDE
Commissioner

TO: Applicants for Certified Reinsurer Status

**FROM: Department of Banking and Insurance
Office of Solvency Regulation**

RE: Domiciliary Jurisdiction Information Request

In lieu of your country of domicile not being a qualified jurisdiction in the State of New Jersey, the Department of Banking and Insurance will accept a descriptive summary of the applicant's domiciliary jurisdiction's regulatory laws and policies to assist in completing the application process. Therefore, please submit the following:

An opinion of counsel that describes the jurisdiction's laws, regulations, practices, and procedures regarding how financial solvency is regulated by the reinsurance supervisory system, how final U.S. judgments and arbitration awards are enforced, and the liquidation priority of obligations to a ceding insurer. Please submit the following information in your descriptive summary:

- a. **Laws and Regulations** – Address the legal basis for sound insurance/ reinsurance regulation. Include information on:
- i. Examination Authority – A description on the jurisdiction's authority to examine domestic reinsurers. Describe exam frequency, guidelines, access to exam records, ability to examine employees and officers under oath, and the ability to share or make public exam results.
 - ii. Capital and Surplus Requirements – Describe the ability to require a minimum level of capital and surplus and the authority to require additional capital and surplus based on the type, volume, and nature of the reinsurance business transacted.
 - iii. Accounting Practices, Procedures and Filings – Describe accounting reporting practices and procedures, disclosure requirements, and requirements for filing annual and interim financial statements.
 - iv. Corrective Action – Describe corrective action or cease and desist powers, along with specific standards used to determine when continued operation of the reinsurer would be hazardous to the public.
 - v. Investment Valuation and Regulation – Describe the authority to establish investment valuation practices and procedures, and the regulator's ability to require a diversified portfolio.

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- vi. *Holding Company Systems* – Describe the supervision of group holding company systems regarding access to information related to the group, examination rights, review of affiliate transactions, enterprise risk, dividends to shareholders, competency of management, and investment in non-insurance subsidiaries.
 - vii. *Risk Management* – Describe the jurisdiction’s risk management function and practices.
 - viii. *Liabilities and Reserves* – Describe the minimum standards for the establishment of liabilities for unearned premium, claims and catastrophic occurrences, and reserves.
 - ix. *Reinsurance Ceded* – Describe the requirements for financial statement credit allowed for reinsurance ceded by domestic and non-domestic reinsurers. Include information on requirements related to: collateral, risk transfer, special purpose reinsurance vehicles and insurance securitizations, affiliated reinsurance transactions and concentration risk, and disclosure.
 - x. *CPA Audits* – Describe the requirements applicable to annual audits by independent certified public accountants.
 - xi. *Receivership and Liquidation Priority* – Describe the receivership scheme for insolvent reinsurers. Include information on the liquidation priority of reinsurance obligations to domestic and non-domestic ceding insurers.
 - xii. *Reinsurance Intermediaries* – Describe the framework for regulation of reinsurance intermediaries.
 - xiii. *Regulatory Authority* – Describe the framework for the organization and licensing of reinsurers.
 - xiv. *Information Sharing* - Describe the process and related laws for sharing confidential information.
- b. **Jurisdiction’s Requirements Applicable to U.S. Domiciled Reinsurers** – Describe the rights, benefits and extent of reciprocal recognition afforded to reinsurers licensed and domiciled in the U.S.
- c. **Enforcement of Final U.S. Judgments** – At a minimum, include information on all of the following:
- i. Local laws regarding the enforcement of foreign judgments, address:
 - a. If a treaty is required to enforce foreign judgments. Identify the treaty if one exists.
 - b. If the jurisdiction recognizes and enforces default judgments entered in foreign jurisdictions.
 - c. If local laws of the jurisdiction recognize the principals of comity, reciprocity, and res judicata.
 - ii. Procedural process and documentation required to enforce foreign judgments.
 - iii. Nature of damages recognized, address if the following damages are recognized and to what extent:
 - a. Compensatory damages
 - b. Penalties and fines imposed by foreign insurance regulators
 - c. Criminal restitution awards imposed by a foreign jurisdiction in criminal trials or plea bargains
 - d. Punitive damages
 - e. Multiple damage awards in which compensatory damages are awarded together with punitive damages, penalties, and/or fines in the same judgment
 - iv. Other limits on the enforcement of foreign judgments, address:
 - a. Public policy concerns that would prevent the enforcement of foreign judgments.

Please forward this summary with your application for Certified Reinsurer Status. All questions on this subject should be directed to the following:

John Tirado at (609) 940-7433, john.tirado@dobi.nj.gov