

BUREAU OF INSURANCE
BASIS STATEMENT AND SUMMARY OF COMMENTS
AMENDMENT TO 02-031 C.M.R. CHAPTER 740
CREDIT FOR REINSURANCE

Superintendent of Insurance Eric Cioppa hereby adopts amendments to Chapter 740, “Credit for Reinsurance.” These amendments implement the revisions made to 24-A M.R.S. § 731-B by P.L. 2021, ch. 16, An Act To Revise Certain Financial Regulatory Provisions of the Maine Insurance Code. The relevant provisions of Chapter 16 clarify the confidentiality of copies of regulatory filings that are confidential in the reinsurer’s country of domicile, and allow credit for reinsurance ceded to reinsurers domiciled in reciprocal jurisdictions, thereby bringing state laws into conformity with the Covered Agreements between the federal government and the European Union and United Kingdom. These amendments to the Insurance Code and to the rule are based on recent amendments to the National Association of Insurance Commissioners Credit for Reinsurance Model Law and Model Regulation. These amendments also make various technical and editorial corrections to the rule.

Pursuant to a Notice of Rulemaking issued on September 20, 2021, Superintendent Cioppa held a public hearing on October 21, 2021, and the public comment period was open until November 1, 2021 at 4:30 p.m.

Two members of the public attended the hearing but neither offered comments. The only written comment was filed by Michelle Carroll Foster, Regional Vice President for State Relations of the American Council of Life Insurers (“ACLI”). ACLI supports the proposed amendments, but noted one necessary technical correction. Subparagraph 6(C)(7)(d) currently requires reinsurers applying for certification in Maine to file three years of audited financial statements. It has been amended to change that period to two years. However, ACLI pointed out that the proposed amendment neglected to make the same change from “three” to “two” in Subparagraph 6(C)(4)(g), referencing the Superintendent’s review of these financial statements. Without the requested correction, the rule would be both inconsistent with the Model Regulation and internally inconsistent.

The correction has been made, and the amendments are otherwise adopted as proposed.