

# Two global Swiss reinsurers first to be certified under new Missouri reinsurance law

 [insurance.mo.gov/news/2014/House\\_Bill\\_133\\_modernizes\\_Missouri\\_s\\_reinsurance\\_law](http://insurance.mo.gov/news/2014/House_Bill_133_modernizes_Missouri_s_reinsurance_law)

## Insurance News

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### House Bill 133 modernizes Missouri's reinsurance law

**Jefferson City, Mo.** - The Missouri Department of Insurance today announced two Swiss-based reinsurers, Swiss Reinsurance Co. Ltd. and Swiss Re Corporate Solutions Ltd., have been approved as certified reinsurers in Missouri. The Swiss reinsurers are Missouri's first certified reinsurers approved under House Bill 133, which took effect Jan. 1.

The certification allows the Swiss reinsurers to post reduced collateral for reinsurance assumed from Missouri domestic insurers based on a financial security rating assigned by the department.

Swiss Reinsurance Co. reported total consolidated shareholder equity of \$22.9 billion as of Dec. 31, 2012, which exceeds the \$250 million minimum requirement for reduced collateral status. The reinsurer maintains an A+ rating from A.M. Best, an AA- rating from Standard and Poor's and an Aa3 rating from Moody's.

Swiss Re Corporate Solutions' shareholder equity was \$2.65 billion as of Dec. 31, 2012. The company maintains an A+ rating from A.M. Best, an AA- rating from Standard and Poor's and an A1 rating from Moody's.

HB 133, which was signed into law last year by Gov. Jay Nixon, allows the department to certify reinsurers (insurers who provide insurance for insurance companies) from foreign countries based on a financial security rating. Under the new law, certified reinsurers that meet specified conditions no longer have to post 100 percent collateral of their obligations to Missouri domestic insurers in order for the Missouri insurer to take credit on its financial statement for reinsurance transferred to such companies.

The law modernizes Missouri's reinsurance collateral law in accordance with guidance developed by the National Association of Insurance Commissioners' (NAIC) Reinsurance Task Force as part of the NAIC Solvency Modernization Initiative. Missouri Insurance Director John M. Huff recently was named chair of the NAIC Reinsurance Task Force.

The purpose of the law is to ensure Missouri's insurance companies remain competitive by reducing their reinsurance costs. By allowing certified reinsurers to reduce the amount of collateral required to be posted, the law aims to decrease the cost that Missouri insurance companies pay for reinsurance, which should result in lower costs to consumers who buy insurance.

At its December 2013 Fall National Meeting, the NAIC approved four international supervisory authorities as Conditional Qualified Jurisdictions under the Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions. The four jurisdictions are the Bermuda Monetary Authority (BMA); the German Federal Financial Supervisory Authority (BaFin); the Swiss Financial Market Supervisory Authority (FINMA); and the United Kingdom's Prudential Regulation Authority of the Bank of England (PRA). The process was developed to evaluate the reinsurance supervisory systems of non-U.S. jurisdictions for reinsurance collateral reduction purposes. Insurers licensed and domiciled in these four jurisdictions are eligible to be certified for reduced reinsurance collateral requirements under the NAIC's Credit for Reinsurance Model law.

### About the Missouri Department of Insurance, Financial Institutions & Professional Registration

The Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) is responsible for consumer protection through the regulation of financial industries and professionals. The department's seven divisions work to enforce state regulations both efficiently and effectively while encouraging a competitive environment for

industries and professions to ensure consumers have access to quality products.

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