



CERTIFIED REINSURER INSTRUCTIONS

Initial and annual filing requirements to qualify as Certified Reinsurer

1. Company submits an initial application.
2. Company must be domiciled and licensed to transact insurance or reinsurance in a Qualified Jurisdiction, as determined by the Director pursuant to Arizona Administrative Code (AAC) R20-6-A1605(C).
3. Company must maintain capital and surplus, or its equivalent, of no less than \$250 million calculated in accordance with AAC R20-6-A1605(B)(4)(h). This requirement may also be satisfied by an association including incorporated and individual unincorporated underwriters having minimum capital and surplus equivalents (net of liabilities) of at least \$250 million and a central fund containing a balance of at least \$250 million.
4. Company must maintain financial strength ratings from two or more rating agencies deemed acceptable by the Director. These ratings shall be based on interactive communication between the rating agency and the assuming insurer and shall not be based solely on publicly available information. These financial strength ratings will be one factor used by the Director in determining the rating that is assigned to the assuming insurer. Acceptable rating agencies include the following:
 - a. Standard & Poor's;
 - b. Moody's Investors Service;
 - c. Fitch Ratings;
 - d. A.M. Best Company; or
 - e. Any other Nationally Recognized Statistical Rating Organization.
5. An assuming insurer applying to be a certified reinsurer shall agree to post 100%, for the benefit of the ceding insurer or its estate, security upon the entry of an order of rehabilitation, liquidation or conservation against the ceding insurer.
6. For certified reinsurers domiciled in the U.S., a review of the most recent applicable NAIC Annual Statement Blank, either Schedule F (for property/casualty reinsurers) or Schedule S (for life and health reinsurers).
7. For certified reinsurers not domiciled in the U.S., a review annually of **Form E-CR-F** (for property/casualty reinsurers) or **Form E-CR-S** (for life and health reinsurers).
8. Disclose past, current or pending regulatory actions against the certified reinsurer.
9. Provide a list at least annually, by cedent, of all overdue reinsurance claims payable that are more than 90 days past due or are in dispute regarding reinsurance assumed by the applicant from U.S. domestic ceding insurers. Identify whether any of the listed cedents are in administrative supervision or receivership.
10. Provide report of the independent auditor on the financial statements of the certified reinsurer.

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11. For certified reinsurers not domiciled in the U.S., audited financial statements (audited U.S. GAAP basis if available, audited IFRS basis statements are allowed but must include an audited footnote reconciling equity and net income to a U.S. GAAP basis, or, with the permission of the Director, audited IFRS statements with reconciliation to U.S. GAAP certified by an officer of the company), regulatory filings, and actuarial opinion (as filed with the non-U.S. jurisdiction supervisor). Upon the initial application for certification, the Director will consider audited financial statements for the last three years filed with its non-U.S. jurisdiction supervisor.
12. Disclose the liquidation priority of obligations to a ceding insurer in the certified reinsurer's domiciliary jurisdiction in the context of an insolvency proceeding.
13. Disclose a certified reinsurer's participation in any solvent scheme of arrangement, or similar procedure, which involves U.S. ceding insurers. The Director shall receive prior notice from a certified reinsurer that proposes participation by the certified reinsurer in a solvent scheme of arrangement.
14. Company must submit a properly executed **Form E-CR-1** as evidence of its submission to the jurisdiction of Arizona, appointment of the Director as an agent for service of process in Arizona, and agreement to provide security for 100% of the assuming insurer's liabilities attributable to reinsurance ceded by U.S. ceding insurers if it resists enforcement of a final U.S. judgment.
15. Submit a certification from the certified reinsurer's domestic regulator that the certified reinsurer is in good standing and maintains capital in excess of the jurisdiction's highest regulatory action level.
16. The Company must agree that all reinsurance contracts will include the provisions of AAC R20-6-A1611.
17. The Company must agree to provide notification to the Director within ten days of any regulatory actions taken against the certified reinsurer, any change in the provisions of its domiciliary license or any change in rating by an approved rating agency, including a statement describing such changes and the reasons therefore.
18. Company must provide a statement that it agrees to comply with any other requirements reasonably imposed by the Director.