



SPONSOR: Rep. Bush & Sen. Mantzavinos
Reps. Baumbach, Bolden, Chukwuocha; Sens. Walsh,
Wilson

HOUSE OF REPRESENTATIVES
152nd GENERAL ASSEMBLY

HOUSE BILL NO. 46

AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE RELATING TO CREDIT FOR REINSURANCE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. Amend Chapter 9, Title 18, of the Delaware Code by making deletions as shown by strike through and
2 insertions as shown by underlining as follows:

3 § 911 Credit allowed a domestic ceding insurer.

4 Credit for reinsurance shall be allowed a domestic ceding insurer as either an asset or a reduction from liability on
5 account of reinsurance ceded only when the reinsurer meets the requirements of paragraph (1), (2), (3), (4), (5), (6) or (7) of
6 this section; provided further, that pursuant to § 915(b) of this title, the Commissioner may adopt by regulation specific
7 additional requirements relating to or setting forth the valuation of assets or reserve credits, the amount and forms of
8 security supporting reinsurance arrangements described in § 915(b) of this title, and the circumstances pursuant to which
9 credit will be reduced or eliminated. Credit shall be allowed under paragraph (1), (2) or (3) of this section only as respects
10 cessions of those kinds or classes of business which the assuming insurer is licensed or otherwise permitted to write or
11 assume in its state of domicile or, in the case of a U.S. branch of an alien assuming insurer, in the state through which it is
12 entered and licensed to transact insurance or reinsurance. Credit shall be allowed under paragraph (3) or (4) of this section
13 only if the applicable requirements of paragraph (8) of this section have been satisfied.

14 § 915 Rules and regulations.

15 (a) The Commissioner may adopt rules and regulations implementing the provisions of this law.

16 (b) The Commissioner is further authorized to adopt rules and regulations applicable to reinsurance arrangements
17 described in § 915(b)(1) of this title.

18 (1) A regulation adopted pursuant to this subsection may only apply to reinsurance relating to any of the
19 following:

20 a. Life insurance policies with guaranteed nonlevel gross premiums or guaranteed nonlevel benefits.

21 b. Universal life insurance policies with provisions resulting in the ability of a policyholder to keep a
22 policy in force over a secondary guarantee period.

- 23 c. Variable annuities with guaranteed death or living benefits.
- 24 d. Long-term care insurance policies.
- 25 e. Such other life and health insurance and annuity products as to which the NAIC adopts model
- 26 regulatory requirements with respect to credit for reinsurance.

27 (2) A regulation adopted pursuant to § 915(b)(1)a. and b. of this title may apply to any treaty containing (i)

28 policies issued on or after January 1, 2024, or (ii) policies issued prior to January 1, 2024, if risk pertaining to such pre-

29 2024 policies is ceded in connection with the treaty, in whole or in part, on or after January 1, 2024.

30 (3) A regulation adopted pursuant to this subsection may require the ceding insurer, in calculating the amounts

31 or forms of security required to be held under regulations promulgated under this authority, to use the Valuation

32 Manual adopted by the NAIC under §1121 of this title, including all amendments adopted by the NAIC and in effect

33 on the date as of which the calculation is made, to the extent applicable.

34 (4) A regulation adopted pursuant to this subsection shall not apply to cessions to an assuming insurer that

35 does any of the following:

- 36 a. Meets the conditions set forth in § 911(6) of this title.
- 37 b. Is certified in this State as set forth in §911(5) of this title.
- 38 c. Maintains at least \$250 million in capital and surplus when determined in accordance with the NAIC
- 39 Accounting Practices and Procedures Manual, including all amendments thereto adopted by the NAIC, excluding
- 40 the impact of any permitted or prescribed practices; and is

- 41 1. Licensed in at least 26 states; or
- 42 2. Licensed in at least 10 states, and licensed or accredited in a total of at least 35 states.

43 (5) The authority to adopt regulations pursuant to this subsection does not limit the Commissioner's general

44 authority to adopt regulations pursuant to subsection (a) of this section.

SYNOPSIS

This bill reflects the National Association of Insurance Commissioner's revisions to the Model Credit for Reinsurance Act giving the Commissioner express regulatory authority to address the handling and treatment of reinsurance agreements entered into, directly or indirectly, with life and health insurer-affiliated captives, special purpose vehicles or similar entities, including the authority to promulgate model regulations adopted by the NAIC that are required for the Department to meet accreditation.