

MEMORANDUM

TO: Financial Regulation Standards and Accreditation (F) Committee

FROM: NAIC Staff

DATE: March 15, 2021

RE: Part A Preamble Update for the Term and Universal Life Insurance Reserve Financing Model Regulation (#787)

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In 2019, the Financial Regulation Standards and Accreditation (F) Committee adopted the Term and Universal Life Insurance Reserve Financing Model Regulation (#787) as a new Part A accreditation standard, effective Sept. 1, 2022, with enforcement to begin Jan. 1, 2023. Model #787 establishes uniform, national standards governing captive reinsurance agreements pertaining to term and universal life insurance policies with secondary guarantees. Prior to Model #787, Actuarial Guideline XLVIII—Actuarial Opinion and Memorandum Requirements for the Reinsurance of Policies Required to be Valued under Sections 6 and 7 of the NAIC Valuation of Life Insurance Policies Model Regulation (Model #830) (AG48) was adopted as an interim step to address concerns regarding such reserve financing transactions. Model #787 completes the XXX/XXX Reinsurance Framework by codifying the concepts in AG48.

The NAIC Reinsurance Framework is

**Excerpt from Accreditation Manual – Part A Preamble**

Captive Reinsurers