

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FIFTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 815**

Introduced by Schumacher, 22.

Read first time January 04, 2018

Committee: Banking, Commerce and Insurance

- 1 A BILL FOR AN ACT relating to insurance; to amend section 44-416.09,
- 2 Reissue Revised Statutes of Nebraska, and sections 44-416.06 and
- 3 44-416.07, Revised Statutes Cumulative Supplement, 2016; to provide
- 4 regulatory authority regarding reinsurance as prescribed; to
- 5 harmonize provisions; and to repeal the original sections.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 44-416.06, Revised Statutes Cumulative  
2 Supplement, 2016, is amended to read:

3 44-416.06 (1) Credit for reinsurance shall be allowed a domestic  
4 ceding insurer as either an asset or a reduction from liability on  
5 account of reinsurance ceded only when the reinsurer meets the  
6 requirements of subsection (2), (3), (4), (5), (6), or (7) of this  
7 section and any additional requirements contained in rules and  
8 regulations adopted and promulgated by the Director of Insurance pursuant  
9 to subsection (2) of section 44-416.09 relating to or setting forth (a)  
10 the valuation of assets or reserve credits, (b) the amount and form of  
11 security supporting reinsurance arrangements, or (c) the circumstances  
12 pursuant to which credit will be reduced or eliminated. Except as  
13 otherwise provided in section 44-224.11, credit shall be allowed under  
14 subsection (2), (3), or (4) of this section only for cessions of those  
15 kinds or classes of business which the assuming insurer is licensed or  
16 otherwise permitted to write or assume in its state of domicile or, in  
17 the case of a United States branch of an alien assuming insurer, in the  
18 state through which it is entered and licensed to transact insurance or  
19 reinsurance. Credit shall be allowed under subsection (4) or (5) of this  
20 section only if the applicable requirements of subsection (8) of this  
21 section have been satisfied.

22 (2) Credit shall be allowed when the reinsurance is ceded to an  
23 assuming insurer that is licensed to transact insurance in this state.

24 (3) Credit shall be allowed when the reinsurance is ceded to an  
25 assuming insurer that is accredited by the Director of Insurance as a  
26 reinsurer in this state. In order to be eligible for accreditation, a  
27 reinsurer must:

28 (a) File with the director evidence of its submission to this  
29 state's jurisdiction;

30 (b) Submit to this state's authority to examine its books and  
31 records;

1 (c) Be licensed to transact insurance or reinsurance in at least one  
2 state, or in the case of a United States branch of an alien assuming  
3 insurer, be entered through and licensed to transact insurance or  
4 reinsurance in at least one state;

5 (d) File annually with the director a copy of its annual statement  
6 filed with the insurance department of its state of domicile and a copy  
7 of its most recent audited financial statement; and

8 (e) Demonstrate to the satisfaction of the director that it has  
9 adequate financial capacity to meet its reinsurance obligations and is  
10 otherwise qualified to assume reinsurance from domestic insurers. An  
11 assuming insurer is deemed to meet this requirement as of the time of its  
12 application if it maintains a surplus as regards policyholders in an  
13 amount not less than twenty million dollars and its accreditation has not  
14 been denied by the director within ninety days after submission of its  
15 application.

16 (4)(a) Credit shall be allowed when the reinsurance is ceded to an  
17 assuming insurer that is domiciled in, or in the case of a United States  
18 branch of an alien assuming insurer is entered through, a state that  
19 employs standards regarding credit for reinsurance substantially similar  
20 to those applicable under this section and the assuming insurer or United  
21 States branch of an alien assuming insurer:

22 (i) Maintains a surplus as regards policyholders in an amount not  
23 less than twenty million dollars; and

24 (ii) Submits to the authority of this state to examine its books and  
25 records.

26 (b) The requirement of subdivision (4)(a)(i) of this section does  
27 not apply to reinsurance ceded and assumed pursuant to pooling  
28 arrangements among insurers in the same holding company system.

29 (5)(a) Credit shall be allowed when the reinsurance is ceded to an  
30 assuming insurer that maintains a trust fund in a qualified United States  
31 financial institution for the payment of the valid claims of its United

1 States ceding insurers and their assigns and successors in interest. To  
2 enable the director to determine the sufficiency of the trust fund, the  
3 assuming insurer shall report annually to the director information  
4 substantially the same as that required to be reported on the National  
5 Association of Insurance Commissioners Annual Statement form by licensed  
6 insurers. The assuming insurer shall submit to examination of its books  
7 and records by the director and bear the expense of examination.

8 (b)(i) Credit for reinsurance shall not be granted under this  
9 subsection unless the form of the trust and any amendments to the trust  
10 have been approved by:

11 (A) The commissioner of the state where the trust is domiciled; or

12 (B) The commissioner of another state who, pursuant to the terms of  
13 the trust instrument, has accepted principal regulatory oversight of the  
14 trust.

15 (ii) The form of the trust and any trust amendments also shall be  
16 filed with the commissioner of every state in which the ceding insurer  
17 beneficiaries of the trust are domiciled. The trust instrument shall  
18 provide that contested claims shall be valid and enforceable upon the  
19 final order of any court of competent jurisdiction in the United States.  
20 The trust shall vest legal title to its assets in its trustees for the  
21 benefit of the assuming insurer's United States ceding insurers, their  
22 assigns, and successors in interest. The trust and the assuming insurer  
23 shall be subject to examination as determined by the director.

24 (iii) The trust shall remain in effect for as long as the assuming  
25 insurer has outstanding obligations due under the reinsurance agreements  
26 subject to the trust. No later than February 28 of each year the trustee  
27 of the trust shall report to the director in writing the balance of the  
28 trust and listing the trust's investments at the preceding year end and  
29 shall certify the date of termination of the trust, if so planned, or  
30 certify that the trust will not expire prior to the following December  
31 31.

1 (c) The following requirements apply to the following categories of  
2 assuming insurer:

3 (i) The trust fund for a single assuming insurer shall consist of  
4 funds in trust in an amount not less than the assuming insurer's  
5 liabilities attributable to reinsurance ceded by United States ceding  
6 insurers and, in addition, the assuming insurer shall maintain a trusted  
7 surplus of not less than twenty million dollars except as provided in  
8 subdivision (5)(c)(ii) of this section;

9 (ii) At any time after the assuming insurer has permanently  
10 discontinued underwriting new business secured by the trust for at least  
11 three full years, the commissioner with principal regulatory oversight of  
12 the trust may authorize a reduction in the required trusted surplus, but  
13 only after a finding, based on an assessment of the risk, that the new  
14 required surplus level is adequate for the protection of United States  
15 ceding insurers, policyholders, and claimants in light of reasonably  
16 foreseeable adverse loss development. The risk assessment may involve an  
17 actuarial review, including an independent analysis of reserves and cash  
18 flows, and shall consider all material risk factors, including when  
19 applicable the lines of business involved, the stability of the incurred  
20 loss estimates, and the effect of the surplus requirements on the  
21 assuming insurer's liquidity or solvency. The minimum required trusted  
22 surplus may not be reduced to an amount less than thirty percent of the  
23 assuming insurer's liabilities attributable to reinsurance ceded by  
24 United States ceding insurers covered by the trust; and

25 (iii)(A) In the case of a group including incorporated and  
26 individual unincorporated underwriters:

27 (I) For reinsurance ceded under reinsurance agreements with an  
28 inception, amendment, or renewal date on or after January 1, 1993, the  
29 trust shall consist of a trusted account in an amount not less than the  
30 respective underwriters' several liabilities attributable to business  
31 ceded by United States domiciled ceding insurers to any underwriter of

1 the group;

2 (II) For reinsurance ceded under reinsurance agreements with an  
3 inception date on or before December 31, 1992, and not amended or renewed  
4 after that date, notwithstanding the other provisions of sections  
5 44-416.05 to 44-416.10, the trust shall consist of a trustee account in  
6 an amount not less than the respective underwriters' several insurance  
7 and reinsurance liabilities attributable to business written in the  
8 United States; and

9 (III) In addition to these trusts, the group shall maintain in trust  
10 a trustee surplus of which one hundred million dollars shall be held  
11 jointly for the benefit of the United States domiciled ceding insurers of  
12 any member of the group for all years of account;

13 (B) The incorporated members of the group shall not be engaged in  
14 any business other than underwriting as a member of the group and shall  
15 be subject to the same level of regulation and solvency control by the  
16 group's domiciliary regulator as are the unincorporated members; and

17 (C) Within ninety days after its financial statements are due to be  
18 filed with the group's domiciliary regulator, the group shall provide to  
19 the director an annual certification by the group's domiciliary regulator  
20 of the solvency of each underwriter member, or if a certification is  
21 unavailable, financial statements, prepared by independent public  
22 accountants, of each underwriter member of the group.

23 (6)(a) Credit shall be allowed when the reinsurance is ceded to an  
24 assuming insurer that has been certified by the director as a reinsurer  
25 in this state and secures its obligations in accordance with the  
26 requirements of this subsection.

27 (b) In order to be eligible for certification, the assuming insurer  
28 shall meet the following requirements:

29 (i) The assuming insurer must be domiciled and licensed to transact  
30 insurance or reinsurance in a qualified jurisdiction, as determined by  
31 the director pursuant to subdivision (6)(d) of this section;

1           (ii) The assuming insurer must maintain minimum capital and surplus,  
2 or its equivalent, in an amount to be determined by the director pursuant  
3 to rules and regulations;

4           (iii) The assuming insurer must maintain financial strength ratings  
5 from two or more rating agencies deemed acceptable by the director  
6 pursuant to rules and regulations;

7           (iv) The assuming insurer must agree to submit to the jurisdiction  
8 of this state, appoint the director as its agent for service of process  
9 in this state, and agree to provide security for one hundred percent of  
10 the assuming insurer's liabilities attributable to reinsurance ceded by  
11 United States ceding insurers if it resists enforcement of a final United  
12 States judgment;

13           (v) The assuming insurer must agree to meet applicable information  
14 filing requirements as determined by the director, both with respect to  
15 an initial application for certification and on an ongoing basis; and

16           (vi) The assuming insurer must satisfy any other requirements for  
17 certification deemed relevant by the director.

18           (c) An association including incorporated and individual  
19 unincorporated underwriters may be a certified reinsurer. In order to be  
20 eligible for certification, in addition to satisfying requirements of  
21 subdivision (6)(b) of this section:

22           (i) The association shall satisfy its minimum capital and surplus  
23 requirements through the capital and surplus equivalents, net of  
24 liabilities, of the association and its members, which shall include a  
25 joint central fund that may be applied to any unsatisfied obligation of  
26 the association or any of its members, in an amount determined by the  
27 director to provide adequate protection;

28           (ii) The incorporated members of the association shall not be  
29 engaged in any business other than underwriting as a member of the  
30 association and shall be subject to the same level of regulation and  
31 solvency control by the association's domiciliary regulator as are the

1 unincorporated members; and

2 (iii) Within ninety days after its financial statements are due to  
3 be filed with the association's domiciliary regulator, the association  
4 shall provide to the director an annual certification by the  
5 association's domiciliary regulator of the solvency of each underwriter  
6 member or, if a certification is unavailable, financial statements,  
7 prepared by independent public accountants, of each underwriter member of  
8 the association.

9 (d)(i) The director shall create and publish a list of qualified  
10 jurisdictions under which an assuming insurer licensed and domiciled in  
11 such jurisdiction is eligible to be considered for certification by the  
12 director as a certified reinsurer.

13 (ii) In order to determine whether the domiciliary jurisdiction of a  
14 non-United-States assuming insurer is eligible to be recognized as a  
15 qualified jurisdiction, the director shall evaluate the appropriateness  
16 and effectiveness of the reinsurance supervisory system of the  
17 jurisdiction, both initially and on an ongoing basis, and consider the  
18 rights, benefits, and the extent of reciprocal recognition afforded by  
19 the non-United-States jurisdiction to reinsurers licensed and domiciled  
20 in the United States. A qualified jurisdiction must agree to share  
21 information and cooperate with the director with respect to all certified  
22 reinsurers domiciled within that jurisdiction. A jurisdiction may not be  
23 recognized as a qualified jurisdiction if the director has determined  
24 that the jurisdiction does not adequately and promptly enforce final  
25 United States judgments and arbitration awards. Additional factors may be  
26 considered in the discretion of the director.

27 (iii) A list of qualified jurisdictions shall be published through  
28 the National Association of Insurance Commissioners committee process.  
29 The director shall consider this list in determining qualified  
30 jurisdictions. If the director approves a jurisdiction as qualified that  
31 does not appear on the list of qualified jurisdictions, the director

1 shall provide thoroughly documented justification in accordance with  
2 criteria to be developed under rules and regulations.

3 (iv) United States jurisdictions that meet the requirement for  
4 accreditation under the National Association of Insurance Commissioners  
5 financial standards and accreditation program shall be recognized as  
6 qualified jurisdictions.

7 (v) If a certified reinsurer's domiciliary jurisdiction ceases to be  
8 a qualified jurisdiction, the director has the discretion to suspend the  
9 reinsurer's certification indefinitely, in lieu of revocation.

10 (e) The director shall assign a rating to each certified reinsurer,  
11 giving due consideration to the financial strength ratings that have been  
12 assigned by rating agencies deemed acceptable to the director pursuant to  
13 rules and regulations. The director shall publish a list of all certified  
14 reinsurers and their ratings.

15 (f)(i) A certified reinsurer shall secure obligations assumed from  
16 United States ceding insurers under this subsection at a level consistent  
17 with its rating, as specified in rules and regulations adopted and  
18 promulgated by the director.

19 (ii) In order for a domestic ceding insurer to qualify for full  
20 financial statement credit for reinsurance ceded to a certified  
21 reinsurer, the certified reinsurer shall maintain security in a form  
22 acceptable to the director and consistent with the provisions of section  
23 44-416.07 or in a multibeneficiary trust in accordance with subsection  
24 (5) of this section, except as otherwise provided in this subsection.

25 (iii) If a certified reinsurer maintains a trust to fully secure its  
26 obligations subject to subsection (5) of this section and chooses to  
27 secure its obligations incurred as a certified reinsurer in the form of a  
28 multibeneficiary trust, the certified reinsurer shall maintain separate  
29 trust accounts for its obligations incurred under reinsurance agreements  
30 issued or renewed as a certified reinsurer with reduced security as  
31 permitted by this subsection or comparable laws of other United States

1 jurisdictions and for its obligations subject to subsection (5) of this  
2 section. It shall be a condition to the grant of certification under this  
3 subsection that the certified reinsurer shall have bound itself, by the  
4 language of the trust and agreement with the commissioner with principal  
5 regulatory oversight of each such trust account, to fund, upon  
6 termination of any such trust account, out of the remaining surplus of  
7 such trust any deficiency of any other such trust account.

8 (iv) The minimum trusted surplus requirements provided in  
9 subsection (5) of this section are not applicable with respect to a  
10 multibeneficiary trust maintained by a certified reinsurer for the  
11 purpose of securing obligations incurred under this subsection, except  
12 that such trust shall maintain a minimum trusted surplus of ten million  
13 dollars.

14 (v) With respect to obligations incurred by a certified reinsurer  
15 under this subsection, if the security is insufficient, the director  
16 shall reduce the allowable credit by an amount proportionate to the  
17 deficiency and has the discretion to impose further reductions in  
18 allowable credit upon finding that there is a material risk that the  
19 certified reinsurer's obligations will not be paid in full when due.

20 (vi)(A) For purposes of this subsection, a certified reinsurer whose  
21 certification has been terminated for any reason shall be treated as a  
22 certified reinsurer required to secure one hundred percent of its  
23 obligations.

24 (B) As used in subdivision (6)(f)(vi)(A) of this section, the term  
25 "terminated" refers to revocation, suspension, voluntary surrender, and  
26 inactive status.

27 (C) If the director continues to assign a higher rating as permitted  
28 by other provisions of this section, the requirement in subdivision (6)  
29 (f)(vi)(A) of this section does not apply to a certified reinsurer in  
30 inactive status or to a reinsurer whose certification has been suspended.

31 (g) If an applicant for certification has been certified as a

1 reinsurer in a National Association of Insurance Commissioners-accredited  
2 jurisdiction, the director has the discretion to defer to that  
3 jurisdiction's certification and has the discretion to defer to the  
4 rating assigned by that jurisdiction, and such assuming insurer shall be  
5 considered to be a certified reinsurer in this state.

6 (h) A certified reinsurer that ceases to assume new business in this  
7 state may request to maintain its certification in inactive status in  
8 order to continue to qualify for a reduction in security for its in-force  
9 business. An inactive certified reinsurer shall continue to comply with  
10 all applicable requirements of this subsection, and the director shall  
11 assign a rating that takes into account, if relevant, the reasons why the  
12 reinsurer is not assuming new business.

13 (7) Credit shall be allowed when the reinsurance is ceded to an  
14 assuming insurer not meeting the requirements of subsection (2), (3),  
15 (4), (5), or (6) of this section, but only as to the insurance of risks  
16 located in jurisdictions where the reinsurance is required by applicable  
17 law or regulation of that jurisdiction.

18 (8) If the assuming insurer is not licensed, accredited, or  
19 certified to transact insurance or reinsurance in this state, the credit  
20 permitted by subsections (4) and (5) of this section shall not be allowed  
21 unless the assuming insurer agrees in the reinsurance agreements:

22 (a)(i) That in the event of the failure of the assuming insurer to  
23 perform its obligations under the terms of the reinsurance agreement, the  
24 assuming insurer, at the request of the ceding insurer, shall submit to  
25 the jurisdiction of any court of competent jurisdiction in any state of  
26 the United States, will comply with all requirements necessary to give  
27 the court jurisdiction, and will abide by the final decision of the court  
28 or of any appellate court in the event of an appeal; and

29 (ii) To designate the director or a designated attorney as its true  
30 and lawful attorney upon whom may be served any lawful process in any  
31 action, suit, or proceeding instituted by or on behalf of the ceding

1 insurer.

2 (b) This subsection is not intended to conflict with or override the  
3 obligation of the parties to a reinsurance agreement to arbitrate their  
4 disputes, if this obligation is created in the agreement.

5 (9) If the assuming insurer does not meet the requirements of  
6 subsection (2), (3), or (4) of this section, the credit permitted by  
7 subsection (5) or (6) of this section shall not be allowed unless the  
8 assuming insurer agrees in the trust agreements to the following  
9 conditions:

10 (a) Notwithstanding any other provisions in the trust instrument, if  
11 the trust fund is inadequate because it contains an amount less than the  
12 amount required by subdivision (5)(c) of this section, or if the grantor  
13 of the trust has been declared insolvent or placed into receivership,  
14 rehabilitation, liquidation, or similar proceedings under the laws of its  
15 state or country of domicile, the trustee shall comply with an order of  
16 the commissioner with regulatory oversight over the trust or with an  
17 order of a court of competent jurisdiction directing the trustee to  
18 transfer to the state insurance commissioner with regulatory oversight  
19 all of the assets of the trust fund;

20 (b) The assets shall be distributed by and claims shall be filed  
21 with and valued by the state insurance commissioner with regulatory  
22 oversight in accordance with the laws of the state in which the trust is  
23 domiciled that are applicable to the liquidation of domestic insurance  
24 companies;

25 (c) If the state insurance commissioner with regulatory oversight  
26 determines that the assets of the trust fund or any part thereof are not  
27 necessary to satisfy the claims of the United States ceding insurers of  
28 the grantor of the trust, the assets or part thereof shall be returned by  
29 the state insurance commissioner with regulatory oversight to the trustee  
30 for distribution in accordance with the trust agreement; and

31 (d) The grantor shall waive any right otherwise available to it

1 under United States law that is inconsistent with this provision.

2 (10)(a) If an accredited or certified reinsurer ceases to meet the  
3 requirements for accreditation or certification, the director may suspend  
4 or revoke the reinsurer's accreditation or certification.

5 (b) The director must give the reinsurer notice and opportunity for  
6 hearing. The suspension or revocation may not take effect until after the  
7 director's order on hearing unless:

8 (i) The reinsurer waives its right to hearing;

9 (ii) The director's order is based on regulatory action by the  
10 reinsurer's domiciliary jurisdiction or the voluntary surrender or  
11 termination of the reinsurer's eligibility to transact insurance or  
12 reinsurance business in its domiciliary jurisdiction or in the primary  
13 certifying state of the reinsurer under subdivision (6)(g) of this  
14 section; or

15 (iii) The director finds that an emergency requires immediate action  
16 and a court of competent jurisdiction has not stayed the director's  
17 action.

18 (c) While a reinsurer's accreditation or certification is suspended,  
19 no reinsurance contract issued or renewed after the effective date of the  
20 suspension qualifies for credit except to the extent that the reinsurer's  
21 obligations under the contract are secured in accordance with section  
22 44-416.07. If a reinsurer's accreditation or certification is revoked, no  
23 credit for reinsurance may be granted after the effective date of the  
24 revocation except to the extent that the reinsurer's obligations under  
25 the contract are secured in accordance with subdivision (6)(f) of this  
26 section or section 44-416.07.

27 (11)(a) A ceding insurer shall take steps to manage its reinsurance  
28 recoverables proportionate to its own book of business. A domestic ceding  
29 insurer shall notify the director within thirty days after reinsurance  
30 recoverables from any single assuming insurer, or group of affiliated  
31 assuming insurers, exceeds fifty percent of the domestic ceding insurer's

1 last reported surplus to policyholders, or after it is determined that  
2 reinsurance recoverables from any single assuming insurer, or group of  
3 affiliated assuming insurers, is likely to exceed this limit. The  
4 notification shall demonstrate that the exposure is safely managed by the  
5 domestic ceding insurer.

6 (b) A ceding insurer shall take steps to diversify its reinsurance  
7 program. A domestic ceding insurer shall notify the director within  
8 thirty days after ceding to any single assuming insurer, or group of  
9 affiliated assuming insurers, more than twenty percent of the ceding  
10 insurer's gross written premium in the prior calendar year, or after it  
11 has determined that the reinsurance ceded to any single assuming insurer,  
12 or group of affiliated assuming insurers, is likely to exceed this limit.  
13 The notification shall demonstrate that the exposure is safely managed by  
14 the domestic ceding insurer.

15 Sec. 2. Section 44-416.07, Revised Statutes Cumulative Supplement,  
16 2016, is amended to read:

17 44-416.07 An asset or a reduction from liability for the reinsurance  
18 ceded by a domestic insurer to an assuming insurer not meeting the  
19 requirements of section 44-416.06 shall be allowed in an amount not  
20 exceeding the liabilities carried by the ceding insurer subject to any  
21 additional requirements contained in rules and regulations adopted and  
22 promulgated by the Director of Insurance pursuant to subsection (2) of  
23 section 44-416.09 relating to or setting forth the valuation of assets or  
24 reserve credits, the amount and form of security supporting reinsurance  
25 arrangements, or the circumstances pursuant to which credit will be  
26 reduced or eliminated. The reduction shall be in the amount of funds held  
27 by or on behalf of the ceding insurer, including funds held in trust for  
28 the ceding insurer, under a reinsurance contract with the assuming  
29 insurer as security for the payment of obligations thereunder, if the  
30 security is held in the United States subject to withdrawal solely by,  
31 and under the exclusive control of, the ceding insurer, or, in the case

1 of a trust, held in a qualified United States financial institution. This  
2 security may be in the form of:

3 (1) Cash;

4 (2) Securities approved by the Director of Insurance. The director  
5 may use the list of securities furnished by the Securities Valuation  
6 Office of the National Association of Insurance Commissioners, including  
7 those deemed exempt from filing as defined by the Purposes and Procedures  
8 Manual of the Securities Valuation Office, and qualifying as admitted  
9 assets;

10 (3)(a) Clean, irrevocable, unconditional letters of credit, issued  
11 or confirmed by a qualified United States financial institution effective  
12 no later than December 31 of the year for which the filing is being made,  
13 and in the possession of, or in trust for, the ceding insurer on or  
14 before the filing date of its annual statement; or

15 (b) Letters of credit meeting applicable standards of issuer  
16 acceptability as of the dates of their issuance or confirmation shall,  
17 notwithstanding the issuing or confirming institution's subsequent  
18 failure to meet applicable standards of issuer acceptability, continue to  
19 be acceptable as security until their expiration, extension, renewal,  
20 modification, or amendment, whichever first occurs; or

21 (4) Any other form of security acceptable to the director.

22 Sec. 3. Section 44-416.09, Reissue Revised Statutes of Nebraska, is  
23 amended to read:

24 44-416.09 (1) The director may adopt and promulgate rules and  
25 regulations to carry out sections 44-416.05 to 44-416.10.

26 (2)(a) The director may also adopt and promulgate rules and  
27 regulations applicable only to reinsurance arrangements described in  
28 subdivision (b) of this subsection.

29 (b) Any rule or regulation adopted and promulgated pursuant to this  
30 subsection shall only apply to reinsurance relating to:

31 (i) Life insurance policies with guaranteed nonlevel gross premiums

1 or guaranteed nonlevel benefits;

2 (ii) Universal life insurance policies with provisions resulting in  
3 the ability of a policyholder to keep a policy in force over a secondary  
4 guarantee period;

5 (iii) Variable annuities with guaranteed death or living benefits;

6 (iv) Long-term care insurance policies; or

7 (v) Such other life and health insurance and annuity products as  
8 determined by the director.

9 (c) Any rule or regulation adopted and promulgated pursuant to  
10 subdivision (b)(i) or (b)(ii) of this subsection may apply to any treaty  
11 containing (i) policies issued prior to January 1, 2015, if risk  
12 pertaining to such policies is ceded in connection with the treaty, in  
13 whole or in part, on or after January 1, 2015, or (ii) policies issued on  
14 or after January 1, 2015.

15 (d) Any rule or regulation adopted and promulgated pursuant to this  
16 subsection may require the ceding insurer, in calculating the amounts or  
17 forms of security required to be held, to use the valuation manual  
18 prescribed by the director pursuant to section 44-8908.

19 (e) Any rule or regulation adopted and promulgated pursuant to this  
20 subsection shall not apply to a cession to an assuming insurer that:

21 (i) Is a certified reinsurer in this state pursuant to subdivision  
22 (6)(a) of section 48-416.06; or

23 (ii) Maintains at least two hundred fifty million dollars in capital  
24 and surplus when determined in accordance with accounting practices and  
25 procedures manuals as prescribed by the director in substantial  
26 conformity with the Accounting Practices and Procedures Manual adopted by  
27 the National Association of Insurance Commissioners and is determined by  
28 the director to be:

29 (A) Licensed to transact insurance or reinsurance in at least  
30 twenty-six states; or

31 (B) Licensed to transact insurance or reinsurance in at least ten

1 states and either licensed to transact insurance or is an accredited  
2 reinsurer in a total of at least thirty-five states.

3 (f) The authority to adopt and promulgate rules and regulations  
4 pursuant to this subsection does not limit the director's general  
5 authority to adopt rules and regulations pursuant to subsection (1) of  
6 this section.

7 Sec. 4. Original section 44-416.09, Reissue Revised Statutes of  
8 Nebraska, and sections 44-416.06 and 44-416.07, Revised Statutes  
9 Cumulative Supplement, 2016, are repealed.