

REINSURANCE WITH RELATED UNREGISTERED REINSURER**Legislative Authorities**

- sections 523 and 597 of *Insurance Companies Act*

Information Requirements

- nature of the business and risks being ceded, and the type, purpose and duration of the reinsurance arrangement(s) to be entered into, including confirmation that the reinsurance is a true transfer of risk and not financial reinsurance
- copy of the reinsurance treaty, and a description of the provisions relating to the means of effecting settlement of accounts, resolving disputes, and measures to be taken in the event of an insolvency of either party
- worldwide regulatory and/or shareholders' financial statements for the unregistered related reinsurer for the past 5 years
- current rating reports for the related unregistered insurer prepared by a recognized rating agency (e.g.; Best, Standard & Poor's, etc.), if available
- total estimated premiums to be ceded for the year by the ceding company to the related insurer in respect of the treaty
- confirmation that the transaction will not cause the company in any year to be: reinsured against more than 75% of the risks insured by the company; and reinsured by non-approved insurers against more than 25% of the risks insured by the company
- certification from the senior officer or chief agent of the ceding company attesting that the reinsurance arrangement with the related party is at least on market terms and conditions
- for foreign companies, confirmation that the claims payments are to be made to the chief agent in Canada and not to the company's head office
- details of whether the assets will be vested in trust by unregistered reinsurer with regulated company

Administrative Guidance

An application under any of the legislative authorities:

- should conform to prudent reinsurance management principles
- should comply with Reinsurance (Canadian Companies) Regulations, Reinsurance (Foreign Companies) Regulations and F-11- Reinsurance in the Ordinary Course of Business, as applicable