

PROPOSED REGULATION OF THE COMMISSIONER OF INSURANCE

LCB File No. R079-16

May 26, 2016

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: NRS 679B.130, 680A.130

A REGULATION relating to insurance; adding requirements to certified reinsurers to comply with the National Association of Insurance Commissioners (NAIC) credit for reinsurance model regulation # 786.

Section 1. Chapter 681A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 13, inclusive, of this regulation.

Sec. 2. *“Assuming Insurer” Assuming Insurer is defined as, an insurer that accepts all or part of a ceding insurer’s insurance or reinsurance obligation on a risk or exposure basis.*

Sec. 3. *“Ceding Insurer” Ceding Insurer is defined as, an insurer that transfers an insurance or reinsurance obligation on a risk or exposure basis to an assuming insurer.*

Sec. 4. *“Certified Reinsurer” Pursuant to section 6 of SB67, a Certified Reinsurer means, an assuming insurer, licensed and domiciled in a jurisdiction that has been qualified by the National Association of Insurance Commissioners, whose application was submitted to and approved by the Commissioner for certification pursuant to section 8 of this regulation. A certified reinsurer may include incorporated and individual unincorporated underwriters.*

Sec. 5. *“Qualified Jurisdiction” Pursuant to section 7 of SB 67, a Qualified Jurisdiction means:*

1. A domiciliary jurisdiction of an assuming insurer that has been evaluated for its system of regulatory oversight over insurance companies that assume insurance or reinsurance obligations from insurers domiciled or licensed in the United States, and that has been

recognized as meeting the criteria and qualifications to be considered as a qualified jurisdiction by the National Association of Insurance Commissioners; or

2. Is a jurisdiction that has met the requirements for accreditation pursuant the National Association of Insurance Commissioners Financial Standards and Accreditation program.

Sec. 6. *“Reinsurance Supervisory System” Pursuant to section 7 of SB67, a Reinsurance Supervisory System means a system for regulatory oversight performed by the domiciliary jurisdiction of a non-U.S. assuming reinsurer. The system may be similar to the system utilized by the National Association of Insurance Commissioners and the accredited U.S. domiciliary jurisdictions for regulatory supervision of insurance companies.*

Sec. 7. 1. *Pursuant to sections 4 through 10, inclusive, of SB 67, the Commissioner shall allow credit for reinsurance ceded by a domestic insurer to an assuming insurer that has been certified as a reinsurer in this state at all times for which statutory financial statement credit for reinsurance is claimed under this section. The credit allowed shall be based upon the security held by or on behalf of the ceding insurer in accordance with a rating assigned to the certified reinsurer by the Commissioner. The security shall be in a form consistent with the provisions of sections 4 through 10, inclusive, of SB67, NRS 681A.180, NRS 681A.240 and sections .260 through .370, inclusive of NAC 681A. The amount of security required in order for full credit to be allowed shall correspond with the following requirements:*

<i>(a) Ratings</i>	<i>Security Required</i>
<i>Secure – 1</i>	<i>0%</i>
<i>Secure – 2</i>	<i>10%</i>
<i>Secure – 3</i>	<i>20%</i>
<i>Secure – 4</i>	<i>50%</i>
<i>Secure – 5</i>	<i>75%</i>
<i>Vulnerable – 6</i>	<i>100%</i>

(b) Affiliated reinsurance transactions shall receive the same opportunity for reduced security requirements as all other reinsurance transactions.

(c) The Commissioner shall require the certified reinsurer to post one hundred percent (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.

(d) In order to facilitate the prompt payment of claims, a certified reinsurer shall not be required to post security for catastrophe recoverables for a period of one year from the date of the first instance of a liability reserve entry by the ceding company as a result of a loss from a catastrophic occurrence as recognized by the Commissioner. The one year deferral period is contingent upon the certified reinsurer continuing to pay claims in a timely manner. Reinsurance recoverables for only the following lines of business as reported on the National Association of Insurance Commissioners annual financial statement related specifically to the catastrophic occurrence will be included in the deferral:

- (1) Line 1: Fire*
- (2) Line 2: Allied Lines*
- (3) Line 3: Farm owners multiple peril*
- (4) Line 4: Homeowners multiple peril*
- (5) Line 5: Commercial multiple peril*
- (6) Line 9: Inland Marine*
- (7) Line 12: Earthquake*
- (8) Line 21: Auto physical damage*

(e) Credit for reinsurance under this section shall apply only to reinsurance contracts entered into or renewed on or after the effective date of the certification of the assuming insurer. Any reinsurance contract entered into prior to the effective date of the certification of the assuming insurer that is subsequently amended after the effective date of the certification of the assuming insurer, or a new reinsurance contract, covering any risk for which collateral was provided previously, shall only be subject to this section with respect to losses incurred and reserves reported from and after the effective date of the amendment or new contract.

(f) Nothing in this section shall prohibit the parties to a reinsurance agreement from agreeing to provisions establishing security requirements that exceed the minimum security requirements established for certified reinsurers under this section.

Sec. 8. 1. *The Commissioner shall post notice on the Division of Insurance's website promptly upon receipt of any application for certification, including instructions on how members of the public may respond to the application. The Commissioner may not take final*

action on the application until at least thirty (30) days after posting the notice required by this paragraph.

2. The Commissioner shall issue written notice to an assuming insurer that has made application and been approved as a certified reinsurer. Included in such notice shall be the rating assigned the certified reinsurer in accordance with subsection 1 of this section. The Commissioner shall publish a list of all certified reinsurers and their ratings.

3. In order to be eligible for certification, the assuming insurer shall meet the following requirements:

(a) The assuming insurer must be domiciled and licensed to transact insurance or reinsurance in a qualified jurisdiction, as determined by the Commissioner pursuant to subsection 3 of section 10.

(b) The assuming insurer must maintain capital and surplus, or its equivalent, of no less than \$250,000,000 calculated in accordance with paragraph (h) of subsection 1 of section 9. 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 \$250,000,000 and a central fund containing a balance of at least \$250,000,000.

(c) The assuming insurer must maintain financial strength ratings from two or more rating agencies deemed acceptable by the Commissioner. 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 Commissioner in determining the rating that is assigned to the assuming insurer. Acceptable rating agencies include the following:

(i) Standard & Poor's;

(ii) Moody's Investors Service;

(iii) Fitch Ratings;

(iv) A.M. Best Company; or

(v) Any other Nationally Recognized Statistical Rating Organization.

(d) Any other requirements reasonably imposed by the Commissioner.

4. The assuming insurer must submit a properly executed Form CR-1 as evidence of its submission to the jurisdiction of this state, appointment of the Commissioner as an agent for

service of process in this state, and agreement to provide security for one hundred percent (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. The Commissioner shall not certify any assuming insurer that is domiciled in a jurisdiction that the Commissioner has determined does not adequately and promptly enforce final U.S. judgments or arbitration awards. A copy of Form CR-1 may be obtained at <http://doi.nv.gov/Insurers/Company-Admissions/Annual-Renewals-of-Company-License/>.

Sec. 9. 1. *Each certified reinsurer shall be rated on a legal entity basis, with due consideration being given to the group rating where appropriate, except that an association including incorporated and individual unincorporated underwriters that has been approved to do business as a single certified reinsurer may be evaluated on the basis of its group rating. Factors that may be considered as part of the evaluation process include, but are not limited to, the following:*

(a) The certified reinsurer's financial strength rating from an acceptable rating agency. The maximum rating that a certified reinsurer may be assigned will correspond to its financial strength rating as outlined in the table below. The Commissioner shall use the lowest financial strength rating received from an approved rating agency in establishing the maximum rating of a certified reinsurer. A failure to obtain or maintain at least two financial strength ratings from acceptable rating agencies will result in loss of eligibility for certification:

Ratings	Best	S&P	Moody's	Fitch
<i>Secure – 1</i>	<i>A++</i>	<i>AAA</i>	<i>Aaa</i>	<i>AAA</i>
<i>Secure – 2</i>	<i>A+</i>	<i>AA+, AA, AA-</i>	<i>Aa1, Aa2, Aa3</i>	<i>AA+, AA, AA-</i>
<i>Secure – 3</i>	<i>A</i>	<i>A+, A</i>	<i>A1, A2</i>	<i>A+, A</i>
<i>Secure – 4</i>	<i>A-</i>	<i>A-</i>	<i>A3</i>	<i>A-</i>
<i>Secure – 5</i>	<i>B++, B+</i>	<i>BBB+, BBB, BBB-</i>	<i>Baa1, Baa2, Baa3</i>	<i>BBB+, BBB, BBB-</i>
<i>Vulnerable – 6</i>	<i>B, B-, C++, C+,</i>	<i>BB+, BB, BB-,</i>	<i>Ba1, Ba2, Ba3,</i>	<i>BB+, BB, BB-,</i>

	<i>C, C-, D, E, F</i>	<i>B+, B, B-, CCC, CC, C, D, R</i>	<i>B1, B2, B3, Cau, Ca, C</i>	<i>B+, B, B-, CCC+, CC, CCC-, DD</i>
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(b) The business practices of the certified reinsurer in dealing with its ceding insurers, including its record of compliance with reinsurance contractual terms and obligations;

(c) For certified reinsurers domiciled in the U.S., a review of the most recent applicable National Association of Insurance Commissioners Annual Statement Blank, either Schedule F (for property/casualty reinsurers) or Schedule S (for life and health reinsurers);

(d) For certified reinsurers not domiciled in the U.S., a review annually of Form CR-F (for property/casualty reinsurers) or Form CR-S (for life and health reinsurers) (attached as exhibits to this regulation);

(e) The reputation of the certified reinsurer for prompt payment of claims under reinsurance agreements, based on an analysis of ceding insurers' Schedule F reporting of overdue reinsurance recoverables, including the proportion of obligations that are more than ninety (90) days past due or are in dispute, with specific attention given to obligations payable to companies that are in administrative supervision or receivership;

(f) Regulatory actions against the certified reinsurer;

(g) The report of the independent auditor on the financial statements of the insurance enterprise, on the basis described in paragraph (h) of this subsection;

(h) 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 Commissioner, 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 Commissioner will consider audited financial statements for the last three (3) years filed with its non-U.S. jurisdiction supervisor;

(i) The liquidation priority of obligations to a ceding insurer in the certified reinsurer's domiciliary jurisdiction in the context of an insolvency proceeding;

(j) A certified reinsurer's participation in any solvent scheme of arrangement, or similar procedure, which involves U.S. ceding insurers. The Commissioner shall receive prior notice

from a certified reinsurer that proposes participation by the certified reinsurer in a solvent scheme of arrangement; and

(k) Any other information deemed relevant by the Commissioner.

2. Based on the analysis conducted under paragraph (e) of subsection 1 of this section, of a certified reinsurer's reputation for prompt payment of claims, the Commissioner may make appropriate adjustments in the security the certified reinsurer is required to post to protect its liabilities to U.S. ceding insurers, provided that the Commissioner shall, at a minimum, increase the security the certified reinsurer is required to post by one rating level under paragraph (a) of subsection 1 of this section, if the Commissioner finds that:

(a) More than fifteen percent (15%) of the certified reinsurer's ceding insurance clients have overdue reinsurance recoverables on paid losses of ninety (90) days or more which are not in dispute and which exceed \$100,000 for each cedent; or

(b) The aggregate amount of reinsurance recoverables on paid losses which are not in dispute that are overdue by ninety (90) days or more exceeds \$50,000,000.

3. The certified reinsurer must agree to meet applicable information filing requirements as determined by the Commissioner, both with respect to an initial application for certification and on an ongoing basis. All information submitted by certified reinsurers which is not otherwise public information subject to disclosure shall be exempted from disclosure under Chapter 239 of NRS and shall be withheld from public disclosure. The applicable information filing requirements are, as follows:

(a) Notification within ten (10) 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;

(b) Annually, Form CR-1, and CR-F or CR-S, as applicable;

CR-1: A copy of Form CR-1 (Certificate of Certified Reinsurer) may be obtained at <http://doi.nv.gov/Insurers/Company-Admissions/Annual-Renewals-of-Company-License/>

CR-F: A copy of Form CR-F (for property and casualty reinsurers) may be obtained at <http://doi.nv.gov/Insurers/Company-Admissions/Annual-Renewals-of-Company-License/>

CR-S: A copy of Form CR-S (for life and health reinsurers) may be obtained at <http://doi.nv.gov/Insurers/Company-Admissions/Annual-Renewals-of-Company-License/>

(c) Annually, the report of the independent auditor on the financial statements of the insurance enterprise, on the basis described in paragraph (d) of this subsection;

(d) Annually, 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 Commissioner, 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 certified reinsurer's supervisor). Upon the initial application for certification, the Commissioner will consider audited financial statements for the last three (3) years filed with the certified reinsurer's supervisor;

(e) At least annually, an updated list of all disputed and overdue reinsurance claims regarding reinsurance assumed from U.S. domestic ceding insurers;

(f) 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; and

(g) Any other information that the Commissioner may reasonably require.

4. Change in Rating or Revocation of Certification.

(a) In the case of a downgrade by a rating agency or other disqualifying circumstance, the Commissioner shall upon written notice assign a new rating to the certified reinsurer in accordance with the requirements of paragraph (a) of subsection 1 of this section.

(b) The Commissioner shall have the authority to suspend, revoke, or otherwise modify a certified reinsurer's certification at any time if the certified reinsurer fails to meet its obligations or security requirements under this section, or if other financial or operating results of the certified reinsurer, or documented significant delays in payment by the certified reinsurer, lead the Commissioner to reconsider the certified reinsurer's ability or willingness to meet its contractual obligations.

(c) If the rating of a certified reinsurer is upgraded by the Commissioner, the certified reinsurer may meet the security requirements applicable to its new rating on a prospective basis, but the Commissioner shall require the certified reinsurer to post security under the previously applicable security requirements as to all contracts in force on or before the effective date of the upgraded rating. If the rating of a certified reinsurer is downgraded by the Commissioner, the Commissioner shall require the certified reinsurer to meet the security

requirements applicable to its new rating for all business it has assumed as a certified reinsurer.

(d) Upon revocation of the certification of a certified reinsurer by the Commissioner, the assuming insurer shall be required to post security in accordance with NRS 681A.240 in order for the ceding insurer to continue to take credit for reinsurance ceded to the assuming insurer. If funds continue to be held in trust in accordance with NRS681A.180, the Commissioner may allow additional credit equal to the ceding insurer's pro rata share of such funds, discounted to reflect the risk of uncollectibility and anticipated expenses of trust administration. Notwithstanding the change of a certified reinsurer's rating or revocation of its certification, a domestic insurer that has ceded reinsurance to that certified reinsurer may not be denied credit for reinsurance for a period of three (3) months for all reinsurance ceded to that certified reinsurer, unless the reinsurance is found by the Commissioner to be at high risk of uncollectibility.

Sec. 10. *1. If, upon conducting an evaluation under this section with respect to the reinsurance supervisory system of any non-U.S. assuming insurer, the Commissioner determines that the jurisdiction qualifies to be recognized as a qualified jurisdiction, the Commissioner shall publish notice and evidence of such recognition in an appropriate manner. The Commissioner may establish a procedure to withdraw recognition of those jurisdictions that are no longer qualified.*

2. In order to determine whether the domiciliary jurisdiction of a non-U.S. assuming insurer is eligible to be recognized as a qualified jurisdiction, the Commissioner shall evaluate the reinsurance supervisory system of the non-U.S. jurisdiction, both initially and on an ongoing basis, and consider the rights, benefits and the extent of reciprocal recognition afforded by the non-U.S. jurisdiction to reinsurers licensed and domiciled in the U.S. The Commissioner shall determine the appropriate approach for evaluating the qualifications of such jurisdictions, and create and publish a list of jurisdictions whose reinsurers may be approved by the Commissioner as eligible for certification. A qualified jurisdiction must agree to share information and cooperate with the Commissioner with respect to all certified reinsurers domiciled within that jurisdiction. Additional factors to be considered in

determining whether to recognize a qualified jurisdiction, in the discretion of the Commissioner include, but are not limited to, the following:

- (a) The framework under which the assuming insurer is regulated;*
- (b) The structure and authority of the domiciliary regulator with regard to solvency regulation requirements and financial surveillance;*
- (c) The substance of financial and operating standards for assuming insurers in the domiciliary jurisdiction;*
- (d) The form and substance of financial reports required to be filed or made publicly available by reinsurers in the domiciliary jurisdiction and the accounting principles used;*
- (e) The domiciliary regulator's willingness to cooperate with U.S. regulators in general and the Commissioner in particular;*
- (f) The history of performance by assuming insurers in the domiciliary jurisdiction;*
- (g) Any documented evidence of substantial problems with the enforcement of final U.S. judgments in the domiciliary jurisdiction. A jurisdiction will not be considered to be a qualified jurisdiction if the Commissioner has determined that it does not adequately and promptly enforce final U.S. judgments or arbitration awards;*
- (h) Any relevant international standards or guidance with respect to mutual recognition of reinsurance supervision adopted by the International Association of Insurance Supervisors or successor organization; and*
- (i) Any other matters deemed relevant by the Commissioner.*

3. A list of qualified jurisdictions shall be published through the National Association of Insurance Commissioners Committee Process. The Commissioner shall consider this list in determining qualified jurisdictions. If the Commissioner approves a jurisdiction as qualified that does not appear on the list of qualified jurisdictions, the Commissioner shall provide thoroughly documented justification with respect to the criteria provided under paragraphs (a) to (i), inclusive, of subsection 2 of this section.

4. U.S. jurisdictions that meet the requirements for accreditation under the National Association of Insurance Commissioners Financial Standards and Accreditation program shall be recognized as qualified jurisdictions.

Sec. 11. 1. *If an applicant for certification has been certified as a reinsurer in a National Association of Insurance Commissioners accredited jurisdiction, and if the assuming insurer submits a properly executed Form CR-1 and any additional information as the Commissioner may require, the Commissioner has the discretion to defer to that jurisdiction's certification and to the rating assigned by that jurisdiction. After the Commissioner has reviewed the information and agreed with the jurisdiction's certification and rating, the assuming insurer shall be considered to be a certified reinsurer in this State.*

2. Any change in the certified reinsurer's status or rating in the other jurisdiction shall apply automatically in this State as of the date it takes effect in the other jurisdiction. The certified reinsurer shall notify the Commissioner of any change in its status or rating within 10 days after receiving notice of the change.

3. The Commissioner may withdraw recognition of the other jurisdiction's rating at any time and assign a new rating in accordance with subsection 4 of section 9.

4. The Commissioner may withdraw recognition of the other jurisdiction's certification at any time, with written notice to the certified reinsurer. Unless the Commissioner suspends or revokes the certified reinsurer's certification in accordance with subsection 4 of section 9, the certified reinsurer's certification shall remain in good standing in this State for a period of three (3) months, which shall be extended if additional time is necessary to consider the assuming insurer's application for certification in this State.

Sec. 12. *In addition to the clauses required pursuant to NAC 681A.375, reinsurance contracts entered into or renewed under this section shall include a proper funding clause, which requires the certified reinsurer to provide and maintain security in an amount sufficient to avoid the imposition of any financial statement penalty on the ceding insurer under this section for reinsurance ceded to the certified reinsurer.*

Sec. 13. *The Commissioner shall comply with all reporting and notification requirements that may be established by the National Association of Insurance Commissioners with respect to certified reinsurers and qualified jurisdictions.*

Sec. 14. NAC 681A.340 is hereby amended to read as follows:

1. A letter of credit issued for the purposes of NRS 681A.240 must stipulate that:
 - (a) To obtain money the beneficiary need only draw and present a sight draft under the letter of credit;
 - (b) The letter is not subject to any conditions or qualifications outside of the letter of credit, except as provided in a reinsurance agreement in conjunction with which the letter of credit is obtained; and
 - (c) The obligation of the qualified financial institution in the United States under the letter of credit is not contingent upon reimbursement with respect thereto.
2. A letter of credit must be clean, irrevocable, unconditional and issued or confirmed by a qualified financial institution in the United States, as described in NRS 681A.240, which is authorized to issue letters of credit. If a letter of credit is issued by a financial institution other than a qualified financial institution in the United States:
 - (a) The financial institution shall formally designate a qualified financial institution in the United States to confirm the letter of credit and to act as an agent for the receipt and payment of drafts; and
 - (b) The letter of credit must comply with the provisions of this section.
3. A letter of credit must contain a date of issuance and a date of expiration. The term of a letter of credit must be for at least 1 year. A letter of credit must contain a clause which prevents the expiration of the letter of credit without due notice from the issuer. The clause must require at least 30 days' notice before the expiration or nonrenewal of the letter of credit.
4. A letter of credit must state whether it is subject to and governed by the laws of this State or ~~Publication 500 of the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce~~ *the ICC Uniform Customs and Practices for Documentary Credits – UPC 600 or International Standby Practices of the International Chamber of Commerce Publications 590 (ISP98), or any successor publications*, and all drafts drawn thereunder must be presentable at an office in the United States of a qualified financial institution in the United States. ~~A copy of Publication 500 may be obtained from the International Chamber of Commerce Publishing, Inc., 156 Fifth Avenue, Suite 417, New York, New York 10010, for the price of \$14.95~~ *The publications can be obtained from the USCIB International Bookstore, 1212 Avenue of the Americas, 18th Floor, New York, NY 10036, by phone at (212) 703-5066, by Fax at (212) 944-0012, by email at Bookstore@uscib.org or at the*

website at <http://store.internationaltradebooks.org/>. UPC600 may be obtained for the price of \$25. ISP98 can be obtained for the price of \$15.

5. If a letter of credit is made subject to ~~Publication 500 of the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce~~ *the ICC Uniform Customs and Practices for Documentary Credits – UPC 600 or International Standby Practices of the International Chamber of Commerce Publications 590 (ISP98), or any successor publications*, the letter of credit must provide for an extension of time to draw against the letter of credit if one or more of the events specified in ~~Article 19 of Publication 500~~ *Article 36 of UPC 600 or any other successor publication*, occurs.

6. A letter of credit may be used to reduce any liability for reinsurance ceded to an unauthorized assuming insurer in financial statements required to be filed with the Division, if an acceptable letter of credit with the ceding insurer as beneficiary has been issued on or before the date the financial statement of the ceding insurer is filed. The allowable reduction for the letter of credit is the amount available under the letter of credit, except that the reduction may not exceed the specific obligation under the reinsurance agreement which the letter of credit was intended to secure.

7. A letter of credit must not contain a reference to any other agreements, documents or entities except as otherwise provided in NAC 681A.350. The heading of a letter of credit may include a boxed section containing the name of the applicant and other appropriate notations to provide a reference for the letter of credit. Such a boxed section must be clearly marked to indicate that the information contained within the boxed section is for internal identification purposes only.

Sec. 15. NAC 681A.375 is hereby amended to read as follows:

Credit will not be granted, or an asset or reduction from liability allowed, to a ceding insurer for reinsurance transacted with assuming insurers that meet the requirements of NRS 681A.140 to 681A.240, inclusive, and NAC 681A.250 to 681A.380, inclusive, unless the reinsurance agreement includes:

1. A proper insolvency clause pursuant to NRS 681A.230; and
2. If the assuming insurer is an unauthorized assuming insurer, a provision in accordance with NRS 681A.210 whereby the assuming insurer has:

(a) Agreed to submit to the jurisdiction of an alternative dispute panel or court of competent jurisdiction within the United States;

(b) Agreed to comply with all requirements necessary to give the court or panel jurisdiction;

(c) Designated an agent upon whom all legal process may be served; and

(d) Agreed to abide by the final decision of the court or panel.

3. A proper reinsurance intermediary clause, if applicable, which stipulates that the credit risk for the intermediary is carried by the assuming insurer.