

**191—112.4(521B) Exemptions.** This chapter does not apply to:

**112.4(1)** Reinsurance of:

*a.* Policies that satisfy the criteria for exemption set forth in 191—subrule 47.5(6) or 47.5(7); and which are issued before the later of:

(1) January 10, 2018, and

(2) The date on which the ceding insurer begins to apply the provisions of VM-20 to establish the ceded policies' statutory reserves, but in no event later than January 1, 2020.

*b.* Portions of policies that satisfy the criteria for exemption set forth in 191—subrule 47.5(5) and which are issued before the later of:

(1) January 10, 2018, and

(2) The date on which the ceding insurer begins to apply the provisions of VM-20 to establish the ceded policies' statutory reserves, but in no event later than January 1, 2020.

*c.* Any universal life policy that meets all of the following requirements:

(1) Secondary guarantee period, if any, is five years or less;

(2) Specified premium for the secondary guarantee period is not less than the net level reserve premium for the secondary guarantee period based on the commissioners standard ordinary (CSO) valuation tables and valuation interest rate applicable to the issue year of the policy; and

(3) The initial surrender charge is not less than 100 percent of the first year annualized specified premium for the secondary guarantee period.

*d.* Credit life insurance.

*e.* Any variable life insurance policy that provides for life insurance, the amount or duration of which varies according to the investment experience of any separate account or accounts.

*f.* Any group life insurance certificate unless the certificate provides for a stated or implied schedule of maximum gross premiums required in order to continue coverage in force for a period in excess of one year.

**112.4(2)** Reinsurance ceded to an assuming insurer that meets the applicable requirements of Iowa Code section 521B.102(4).

**112.4(3)** Reinsurance ceded to an assuming insurer that meets the applicable requirements of Iowa Code sections 521B.102(1) to 521B.102(3), and that, in addition:

*a.* Prepares statutory financial statements in compliance with the National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures Manual, without any departures from NAIC statutory accounting practices and procedures pertaining to the admissibility or valuation of assets or liabilities that increase the assuming insurer's reported surplus and are material enough that they need to be disclosed in the financial statement of the assuming insurer pursuant to Statement of Statutory Accounting Principles No. 1 (SSAP 1); and

*b.* Is not in a company-action-level event, regulatory-action-level event, authorized-control-level event, or mandatory-control-level event as those terms are defined in Iowa Code section 521E.1 et seq. when its risk-based capital (RBC) is calculated in accordance with the life risk-based capital report including overview and instructions for companies, as the same may be amended by the NAIC from time to time, without deviation.

**112.4(4)** Reinsurance ceded to an assuming insurer that meets the applicable requirements of Iowa Code sections 521B.102(1) to 521B.102(3), and that, in addition:

*a.* Is not an affiliate of, as that term is defined in Iowa Code section 521A.1(1):

(1) The insurer ceding the business to the assuming insurer, or

(2) Any insurer that directly or indirectly ceded the business to that ceding insurer;

*b.* Prepares statutory financial statements in compliance with the NAIC Accounting Practices and Procedures Manual;

*c.* Is both:

(1) Licensed or accredited in at least ten states (including its state of domicile), and

(2) Not licensed in any state as a captive, special purpose vehicle, special purpose financial captive, special purpose life reinsurance company, limited purpose subsidiary, or any other similar licensing regime; and

*d.* Is not, or would not be, below 500 percent of the authorized-control-level RBC as that term is defined in Iowa Code section 521E.1(12) “*c*” when its RBC is calculated in accordance with the life risk-based capital report including overview and instructions for companies, as the same may be amended by the NAIC from time to time, without deviation, and without recognition of any departures from the NAIC statutory accounting practices and procedures pertaining to the admission or valuation of assets or liabilities that increase the assuming insurer’s reported surplus.

**112.4(5)** Reinsurance ceded to an assuming insurer that meets the requirements of Iowa Code section 521B.102(5) pertaining to certain certified reinsurers that meet threshold size and licensing requirements.

**112.4(6)** Reinsurance not otherwise exempt under subrules 112.4(1) to 112.4(5) if the commissioner, after consulting with the NAIC financial analysis working group (FAWG) or other group of regulators designated by the NAIC, as applicable, determines under all the facts and circumstances that all of the following apply:

*a.* The risks are clearly outside of the intent and purpose of this chapter (as described in rule 191—112.2(521B)),

*b.* The risks are included within the scope of this chapter only as a technicality, and

*c.* The application of this chapter to those risks is not necessary to provide appropriate protection to policyholders. The commissioner shall post on the insurance division’s public Website a notice of any decision made pursuant to this subrule to exempt a reinsurance treaty from this chapter, as well as the general basis therefor (including a summary description of the treaty).

[ARC 3496C, IAB 12/6/17, effective 1/10/18]