MAYER • BROWN

First Quarter 2015

Global Insurance & Regulatory Bulletin

Global Insurance & Regulatory Bulletin

UK/Europe

UK

The Insurance Act Receives Royal Assent

On February 12, 2015, the Insurance Bill, which was introduced into Parliament on July 17, 2014, received Royal Assent, and is now known as the Insurance Act 2015 ("the Act"). The Act represents the culmination of an eight year review of insurance contract law by the Law Commission of England and Wales and will largely affect non-consumer insurance contracts. The purpose of the Act is to update the statutory framework in the following areas:

- **Disclosure and misrepresentation in business and other non-consumer insurance contracts:** The Act amends the duty on business policyholders to disclose risk information to insurers before entering into an insurance contract, introducing a duty of “fair presentation” of the risk. Provisions in the Act define what both a business and an insurer "know or ought to know" and what appropriate enquiries should be made to obtain that information. The knowledge of "senior management" will be relevant and may extend wider than board level. It also provides the insurer with a number of proportionate remedies when the duty is breached.

- **Insurance warranties and other terms:** The Act abolishes "basis of the contract" clauses (which have the effect of converting pre-contractual information supplied to insurers into warranties). It also provides that, if there is a breach of warranty, the insurer’s liability should be suspended, rather than discharged, so that insurance coverage is restored after a breach has been remedied. The Act provides that breach of a warranty or similar term should not allow an insurer to refuse to pay a claim if the insured shows that the breach was completely irrelevant to the loss suffered. For example, if the insured breached a contractual warranty to maintain a sprinkler system in a property and the property was then damaged by a storm, the insured would likely be able to demonstrate that the breached warranty had no effect on the loss suffered.

- **Insurers’ remedies for fraudulent claims:** The Act sets out clear remedies for when a policyholder submits a fraudulent claim. Insurers will be able to terminate contracts and refuse to pay claims relating to losses suffered after the fraud but will remain liable for all legitimate losses suffered before the fraud. If a fraud is made by a member of a group insurance contract, the Act will protect innocent group members by carving out the fraudulent member from the contract. The effect will be as if the fraudulent member and the insurer entered into a separate insurance contract, and the insurer will be able to terminate the contract without prejudicing the innocent group members.

Provisions that would have allowed a policyholder to claim damages for unreasonable delay in paying a claim were originally included in the Law Commission’s draft bill. However, despite such damages already being available in Scotland, the provisions were removed as they were considered too controversial to suit the fast-track parliamentary procedure used to instate the bill. The UK government has suggested that such provisions may be reviewed and possibly incorporated in later legislation.

The Act will come into force in August 2016. The full text of the act is available here.

UK

PRA Sets Out How the UK Will Implement Solvency II

On February 12, 2015, the Prudential Regulation Authority ("PRA") sent a letter, a copy of which is available here, to life and general insurance firms setting out the information relating to the UK implementation of the Solvency II directive, including a timetable for the PRA's activities in the next few months.

The letter provides information on matters including:

- **Matching adjustment pre-approval applications.** The PRA will provide individual firm feedback on these applications on March 28, 2015 and general feedback to all firms by the end of April 2015.
- **Own-funds transitional provisions.** The entry into force of Solvency II on January 18, 2015 is the cut-off date for own-fund transitional provisions. Any firm issuing capital instruments between now and January 1, 2016 must ensure that the instrument is Solvency II-compliant so that it is eligible for transitional treatment.
- **Regulatory reporting.** The PRA invites firms to send it partial or full XBRL files by April 2, 2015 for planning and testing purposes. XBRL is a standard format for describing financial data, and facilitate the creation, distribution and re-use of business reports.
- **Solvency II approvals**. The PRA expects firms that are planning to submit applications for multiple Solvency II approvals to consider the dependencies between these applications and prepare contingency plans in case approval is not obtained for all applications. Firms should also devise an overall plan setting out the proposals that they are planning to submit for Day 1 decision, identifying the dependencies between these approvals.
- **Internal model.** The internal model pre-application period ends on March 31, 2015. The PRA describes the work of the commitment panel that will assess whether firms are likely to make a credible model application after April 1, 2015. The PRA has already identified areas where some firms are not meeting the standards expected, including contingency plans, expert judgment documentation and validation. The Appendix to the letter provides more information on these areas. On March 9, 2015, the PRA sent a letter, a copy of which is available here, to firms regarding internal model approvals and a matching adjustment update. As anticipated, firms will be able to start formal submissions of applications for approval with effect from April 1, 2015. We expect more detail to be included in a PRA Policy Statement to be published towards the end of March.
- **Standard formula.** In the second quarter of 2015, PRA supervisors will contact firms that took part in a pilot exercise concerning standard formula appropriateness where interventions are considered necessary. The PRA will provide general guidance to all firms by the second quarter of 2015 if its work highlights thematic issues.
- **Policy documents.** The PRA intends to publish a policy statement on Solvency II on March 20, 2015. In the timetable, it states that it intends to publish a consultation paper in the first quarter of 2015 on volatility adjustment (subject to HM Treasury's decision) and a consultation paper which has since been released on February 19

and considers the guidelines produced by the EIOPA.

- **Data collection exercise.** The PRA will issue templates and guidance for the 2015 data collection exercise. The guidelines were subsequently issued on March 2, 2015.

EUROPE

Budget Cuts Could Impact EIOPA and the Delivery of Solvency II

In February 2015, Carlos Montalvo, the head of the European body charged with developing Solvency II, warned that recent budget cuts would have an impact on how Solvency II would be implemented in 2016. EIOPA's 2015 budget was reduced by 7.6% compared to 2014, equivalent to a reduction of €1.7 million.

In a press release, EIOPA stated that as a result of the budget cuts, EIOPA would look to relocate human resources and rationalize funds. The press release also stated that Solvency II will remain EIOPA's highest priority in 2015. However, the budget cut will affect the implementation of Solvency II with the training program for supervisors being reduced by 20% and the production of the IT supervisory toolkit related to XBRL reporting being cancelled. In addition, a number of work streams, including those in the areas of financial stability and consumer protection will be "deprioritized."

EUROPE

Solvency II - EIOPA Publishes Final Reports on Equivalence of Bermuda, Japan and Switzerland

By way of background, Solvency II provides a mechanism for the European Commission to treat as equivalent a third country's solvency and prudential regulatory regime to reflect the fact that the insurance industry is a global marketplace and the increasing cross-border nature of group structures and transactions. Equivalence findings can only be given by the European Commission once it is satisfied, having taken EIOPA's reports and recommendations into account, that policyholders are adequately protected across jurisdictions.

In October 2011, EIOPA first provided the European Commission with three draft reports on equivalence in respect of the Bermudian, Japanese and Swiss regimes. Given the delay to the implementation timetable of Solvency II and the ongoing consultations, it came as no surprise that EIOPA was asked in February 2014 to update and refresh its analysis for these three countries. Whilst the Japanese regime's assessment extends only to equivalence in respect of Article 172 (reinsurance supervision), the Swiss and Bermudian regimes are assessed in respect of Articles 172, 227 (group solvency calculation) and 260 (group supervision).

These latest reports from EIOPA were published on March 11, 2015 and are available here. In general, the EIOPA reports recommend, subject to certain caveats, equivalence findings for Japan, Switzerland, and Bermuda (for certain classes of Bermuda insurers). It should be noted, however, that the final decision on equivalence rests with the European Commission and the exact timing of such decision is not yet known.

US/Americas

US

AG 48 and the (Modest) Transformation of Life Reserve Financings

After three full years of regulators compiling data, reading legal documents, studying actuarial models and consulting with outside advisors related to the life insurance industry's use of captive reinsurers for so-called AXXX and XXX reserve financing transactions, year-end 2014 was punctuated on November 17, 2014, when the Principle-Based Reserving Implementation (EX) Task Force of the NAIC (the "PBR Task Force") adopted a draft of Actuarial Guideline 48 (dated November 14, 2014, "AG 48"), which defines the rules to be followed for new life reserve financing transactions after January 1, 2015 (subject to certain grandfathering rules described below). These rules were finally adopted by the Executive Committee and Plenary of the NAIC on December 16, 2014 and are in the process of being implemented. While the version of AG 48 that was so adopted is clearly still a work in progress, it should give regulators, industry participants and financing parties more clarity for financings in the life sector for 2015 than they have seen at any time since these structures came under intense scrutiny in 2011.

For the first time in over three years, the life insurance industry was reassured by prominent members of the NAIC that the organization's three-year, multi-faceted project related to the use of life insurer-owned captives and special purpose vehicles would not result in any moratorium or other draconian prohibitions or restrictions on structured finance as a tool for reserve financing for life insurance companies. Instead, during the fourth quarter of 2014, insurance regulators tasked with the project finally overcame their differences and arrived at a long awaited compromise now known as Actuarial Guideline 48. The genesis of AG 48 and its pending implementation were, and will continue to be, guided by the reports and ongoing advice of Rector & Associates, Inc. ("Rector"), an outside consulting firm engaged by the NAIC's PBR Task Force to study the propriety of reserve financing. AG 48 and the Rector reports provide a framework for reserve financings that is intended to: (i) permit life companies to continue to pursue capital relief opportunities through third party financings; (ii) establish some uniformity among jurisdictions and regulators for the review and approval of such financings; (iii) facilitate transparency regarding such financings and (iv) add enhanced policyholder protection to such financings by way of increased liquidity and solvency margins.

Ever since the NAIC first undertook its investigation into certain types of life insurer-owned captive reserve financings in 2012, the inevitability of a new regulatory regime was widely accepted by the life insurance industry. Uncertainties and speculation about the exact nature of that new regime were widespread during 2014 (as reflected in the anemic deal flow). One of the most prevalent concerns for the life sector during the negotiation of AG 48 was retroactivity. Given the time, resource commitment and expense that are required to implement a reserve financing, life insurers were reluctant to propose new transactions that could potentially need to be unwound within the next 12 months. At a special meeting of the PBR Task Force in November of 2014, after a heated debate, the issue of retroactivity was finally laid to rest.

The substantive provisions of AG 48 do not and will not apply to *any* life insurance policies that were included in a reserve financing as of December 31, 2014. This final rule (the “Grandfathering Test”) is a bright line test that applies to all such reinsured policies. The adoption of the Grandfathering Test was a significant victory for the life industry, since the proposed alternative would have required immediate compliance with AG 48 for any transaction that is amended in any way subsequent to January 1, 2015, effective as of the date of such amendment. Due to the unavoidability of amendments to structured reinsurance deals, this alternative would have resulted in constructive retroactivity. One aspect of the Grandfathering Test that interested parties need to keep in mind is that amendments to existing transactions that add new business to blocks that were previously financed would jeopardize eligibility for grandfathering.

Currently, AG 48 only applies to financing arrangements involving term life insurance business subject to Regulation XXX (Regulation 147 in New York) and universal life insurance business subject to Actuarial Guideline 38 (more commonly known as Regulation AXXX or AG 38). While these are the business lines that have been identified by the life insurance industry as having the most self-evident reserve redundancies and are, therefore, currently the most commonly financed lines, there are other lines of business outside of the scope of AG 48 for which life insurers could demonstrate reserve redundancies and/or benefit from outside financing. For example, so-called embedded value financings, which provide capital relief for the surplus strain associated with issuing and selling life insurance products, appear to be very interesting to the industry at the moment. One cautionary note is that regulators have indicated that they intend to explore expanding the applicability of AG 48 to other product lines, specifically annuities and long-term care insurance policies.

In addition to the foregoing, AG 48 provides a brief list of exemptions from its application. These include (i) transactions related to certain types of yearly renewable term reinsurance, (ii) certain reinsurance cessions to appropriately licensed, accredited or certified reinsurers and (iii) transactions that are not intended to be covered, are covered only technically and need not be covered for the protection of policyholders. The foregoing exemptions are subject to the approval of a life insurance company’s domiciliary regulator (after consultation with an appropriate committee within the NAIC – currently the Financial Analysis Working Group or “FAWG”). We understand from discussions at PBR Task Force meetings that the intent of these exemptions, particularly that described in (iii) above, is to provide a mechanism to shield “conventional” reinsurance transactions involving “professional” reinsurers from the application of the rules. Nevertheless, the applicability, practical mechanics and scope of AG 48 exemptions continues to stimulate debate among regulators, insurers and potential financiers.

Under AG 48, the risks under a block of covered businesses are divided into two layers: the “Primary Security” layer, which effectively replaces what would have been called the economic reserve layer in a traditional reserve financing, and the “Other Security” layer, which likewise replaces the excess reserve layer. The threshold dividing the two layers is now known as the “Required Level of Primary Security,” which must be determined in accordance with an actuarial valuation model provided for in AG 48. This model is a modified version of the NAIC’s “VM-20” standard, which was originally negotiated among regulators and interested parties in connection with efforts to move the current statutory accounting regime for life insurers from a rules-based to a principles-based reserving system. In the minds of many regulators, moving the life industry to a principles-based reserving system would negate any need for reserve financing; therefore, it was only logical to use the existing "principles-based" valuation model to set the threshold. However, early reports from insurers indicate that the Required Level of Primary Security under AG 48 for most books of business is substantially higher than a truly principles-based economic reserve determination would generate.

Many observers of the life insurance industry and its regulation expected a main focus of any new rules and regulations related to reserve financing to be on the nature and availability of assets used as collateral for excess reserves. Instead, AG 48 reinforces policyholder protections by regulating assets backing the Primary Security layer. Pursuant to AG 48, assets that qualify as Primary Security, *i.e.*, that must be used as collateral for at least that portion of a company's reserves up to the Required Level of Primary Security, include only: (1) cash and (2) securities listed by the Securities Valuation Office ("SVO") of the NAIC (including securities deemed exempt from filing under the NAIC's *Purposes and Procedures Manual*) that are otherwise admitted assets under relevant state law, *but not including*: letters of credit (whether clean or conditional), synthetic letters of credit, contingent notes, credit-linked notes or other similar securities that operate in a manner similar to a letter of credit. Clearly, Rector and the regulators identified those financial instruments that were being used chiefly as collateral for excess reserves and expressly disqualified them as collateral for Primary Security. One issue that still requires clarification is the distinction between "securities listed by the SVO" (described above) and bespoke assets that are privately rated by the SVO at the request of an issuer or investor. The intent of AG 48 appears to be to exclude the latter type of assets; however, the SVO should be publishing guidance on this point in the near future.

In addition to cash and SVO listed securities, AG 48 permits financing Primary Security with: (3) commercial loans in good standing (CM3 quality or higher), (4) policy loans and (5) derivatives acquired in the normal course and used to support and hedge liabilities pertaining to the actual risks ceded under the applicable reinsurance agreement; *provided* that such additional asset classes (3, 4 and 5) may only be used where collateral for Primary Security is achieved through either a funds-withheld or modified-coinsurance arrangement, *i.e.*, where such assets are held in the general account of the sponsor life insurance company. With respect to collateral supporting Other Security, AG 48 permits any assets, including assets that could be used to support Primary Security, that are acceptable to the sponsor life insurer's domiciliary regulator. Therefore, AG 48 could be seen as an affirmation of the status quo as it relates to financing excess reserves, except that the cutoff for what defines such excess has been clearly defined (and likely increased). There were lively debates among regulators and interested parties over the appropriate consequences for any insurer that violates the provisions of AG 48. Ultimately, it was agreed that if a ceding company engages in a transaction subject to AG 48, but fails to meet the collateral requirements of AG 48, the company must file a qualified actuarial opinion with its statutory financial statements.

One of the initial allegations made in opposition to life insurance reserve financing was that these were hidden transactions consummated without any meaningful disclosure. In response, the NAIC adopted a new Supplemental XXX/AXXX Reinsurance Exhibit (Parts 1, 2 and 3), which must be filed by each regulated U.S. life insurance company with its statutory Annual Statement beginning in April of 2015. This exhibit requires detailed disclosures of nearly all material aspects of reserve financing transactions subject to AG 48, including details about the nature of assets held as Primary Security.

In connection with the adoption of AG 48, the PBR Task Force charged another body within the NAIC, the Life Risk-Based Capital Working Group, with two other related tasks. The first was to develop an appropriate risk-based capital ("RBC") cushion for assuming reinsurers that do not file an RBC report using the NAIC RBC formula and instructions (which most captive and other reinsurers that are used for reserve financings do not); and the second was to develop appropriate asset charges for the forms of "Other Security" used by insurers under AG 48, which charges should then be considered for incorporation into such RBC cushion. Essentially, regulators are seeking to bolster policyholder protections by discounting the value of certain assets that may be employed as Other Security. Guidelines for RBC cushions and asset charges are expected to be finalized by April of 2015. From a practical standpoint, most transactions that pre-dated AG 48 already included some negotiated buffer between the economic reserve level and the excess reserve financing threshold, *i.e.*, excess assets posted by a sponsor insurer for the protection of its creditors.

Many insurance regulators who previously opposed any form of reserve financing believed that such transactions were an impediment to the implementation of a much needed principles-based reserve system for life insurers ("PBR"), which would replace the antiquated rules-based system. If reserves were truly based on fundamental actuarial principles, applied on a case-by-case, product-by-product and company-by-company basis, then there should be no excesses to finance. Sometime in 2014, the attitudes of some of these regulators shifted, and they began to see the regulation of reserve financing (*e.g.*, AG 48) as a bridge to the future – an interim step toward final implementation of PBR. That is one of the reasons that we saw the process guided by the PBR Task Force, and the Required Level of Primary Security based on a PBR valuation model (VM-20). In the event that PBR is finally adopted and implemented, an interesting question is whether that will actually eliminate the need for life reinsurance finance transactions. While some regulators would say "absolutely," most industry participants would disagree. It is highly unlikely that regulators would ever permit a strictly principles-based system, without some ancillary rules of general application. Therefore, the era of structured life insurance finance is probably far from its sunset.

US

Insurance Regulators Work to Address Cyber Security Issues

As data breaches and their consequences have become increasingly common and gained public attention, cyber security has become a significant issue for both the insurance industry and insurance regulators. Although the recent coverage of the massive cyber security breach at Anthem, Inc. ("Anthem"), which affected as many as 80 million of its customers whose account information was stolen, put a particular spotlight on cyber security issues in the insurance sector, cyber security has been a growing concern for insurance regulators for the past few years, prompting NAIC discussion that led to the formation of a Cybersecurity (EX) Task Force ("CTF") in November 2014. The CTF, established to help coordinate insurance issues related to cyber security, is charged with monitoring developments in the cyber security area and with making recommendations to the NAIC regarding:

(i) the protection of information housed in insurance departments and the NAIC; (ii) the protection of consumer information collected by insurers; and (iii) collecting information on cyber-liability policies being issued in the marketplace.

The New York Department of Financial Services ("DFS") has also taken a leading role in addressing the cyber security issue with a promise to beef up its examination of insurers. This focus by DFS on the insurance industry is a natural outgrowth of its December 2014 bulletin to all New York-chartered or licensed banking institutions regarding its new cyber security examination process. Fearing an "Armageddon-type cyber event" in the financial sector in the near future, the DFS Superintendent Benjamin Lawsky, speaking at Columbia Law School in February, indicated that cyber security will likely be the most important issue that DFS will face in 2015. In the wake of the Anthem breach, DFS released a report entitled "Report on Cyber Security in the Insurance Sector," on February 8, 2015, and announced that it plans to "integrate regular, targeted assessments of cyber security preparedness at insurance companies as part of [its] examination process."

The report summarizes the results of a survey DFS conducted during 2013 and 2014 "to obtain a horizontal perspective of the insurance industry's efforts to prevent cyber crime, protect consumers and clients in the event of a breach, and ensure the safety and soundness of their organizations." In the report, DFS warned the insurance industry that "[r]ecent cyber security breaches should serve as a stern wake up call for insurers and other financial institutions to strengthen their cyber defenses."

Of the 43 insurers surveyed, 21 were health insurers, 12 were property and casualty insurers and 10 were life insurers. The combined assets of the 43 insurers surveyed totaled approximately $3.2 trillion. The topics of the survey included the following:

- the insurer's information security framework;
- the use and frequency of penetration testing and results;
- the budget and costs associated with cyber security;
- corporate governance around cyber security;
- the frequency, nature, cost of and response to cyber security breaches; and
- the insurer's future plans on cyber security.

Of those surveyed, 58% reported that they experienced no cyber security breaches in the three years preceding the survey (excluding failed attempts) while 35% reported experiencing between one and five breaches, 2% reported experiencing between six and ten, and 5% reported experiencing more than ten breaches.

The DFS report also reflects discussions DFS has had with a cross-section of insurers and cyber security experts as well as its review of insurers' statutorily required enterprise risk management ("ERM") reports filed with the NY DFS for the first time in 2014.

According to the DFS report, "[o]nly one ERM report filed by the surveyed insurers provided in-depth identification and analysis of cyber security risks specific to the particular entity and discussed specific steps and ongoing projects to mitigate those risks." In most ERM reports filed by surveyed insurers, cyber security was not specifically identified or discussed as a stand-alone material risk and, to the extent it was addressed, was discussed only in "broad terms as a subset of material operational risk."

In a February 5, 2015 speech, Superintendent Lawsky highlighted a number of areas of concern:

- A company's cyber security is only as strong as the cyber security of its weakest vendor. Accordingly, companies need to perform adequate due diligence on their vendors' cyber security and obtain appropriate representations and warranties in their vendor contracts.

- Multi-factor authentication, e.g., a password plus a security token, should always be required for systems access. Allowing access by entering a single password is poor cyber security hygiene.
- Security breaches are almost inevitable, so companies need to put in place mitigators for when a breach occurs, such as strong encryption and restrictions on download, so hackers will be prevented from capturing sensitive data even if they penetrate the company's firewall.
- The property and casualty insurance industry needs to focus on providing robust cyber security insurance coverage.

We will continue to monitor events in this rapidly developing area.

US

The NAIC Exposes Two Cyber Security-Related Documents for Comment

On March 12, 2015, the NAIC exposed for comment two draft documents relating to cyber security.

The first draft document (available here), "Principles for Effective Cybersecurity Insurance Regulatory Guidance" (the "draft cybersecurity guidance"), was developed by the CTF to assist insurance regulators in providing guidance to the insurance industry in its efforts to strengthen data security and infrastructure. Derived from the work of the Securities Industry and Financial Markets Association, the 18 guiding principles in the draft cybersecurity guidance seek to help regulators "identify uniform standards, promote accountability, and provide access to essential information."

The second draft document (available here), the "Cybersecurity Insurance Coverage Supplement," is a supplement to the annual statutory statement to be filed by insurers that write cyber security coverage, either on a standalone basis or as part of a commercial multiperil package policy. The draft supplement is being considered by the NAIC Property and Casualty Insurance (C) Committee.

The two exposure drafts were open for comment from interested parties and industry representatives until March 23rd, to facilitate discussions at the NAIC's Spring National Meeting in Phoenix.

US

The National Conference of Insurance Legislators Considers a Proposed Model Act to Regulate Insurance Requirements for Transportation Networking Companies ("TNCs") and Transportation Network Drivers

TNC insurance coverage issues have attracted significant interest from legislators and regulators around the country in light of the increasing popularity of TNCs (also called "commercial ride-sharing companies"), which use an online application or platform developed and administered by the TNC (the “TNC app”) to match passengers with participating drivers who use their personal vehicle (“TNC drivers”) to transport passengers for a fee. Legislators’ and regulators’ concerns have been heightened by a number of high-profile instances of accidents involving TNC drivers.

The Property-Casualty Insurance Committee of the National Conference of Insurance Legislators (“NCOIL”) met on March 1, 2015 to discuss a “Proposed Model Act to Regulate Insurance Requirements for Transportation Network Companies and Transportation Network Drivers” (the “proposed model act”), relating to insurance coverage for TNCs, sponsored by Ohio state representative Michael Stinziano (D-Columbus).

The focus of the discussion centered on whether a personal auto policy of the TNC driver would provide any coverage during “Period One” – the time period during which a TNC app is activated, but the TNC driver has not yet been matched with a passenger.

The proposed model act would “preempt any local ordinance, resolution, or other law adopted to impose, require, or otherwise regulate insurance requirements for transportation network companies and the provision of transportation network company services.”

The proposed model act would require TNC insurance, defined as “an insurance policy that specifically covers a driver’s use of a vehicle in connection with a transportation network company’s online-enabled application or platform,” during the period of time that TNC services are being provided, which would begin when a TNC driver logs onto the TNC app and is waiting to be matched with a passenger, and would end when the TNC driver logs off the TNC app or when the passenger has completely exited the vehicle, whichever is later.

The proposed model act would require TNC insurance to provide: (i) primary liability coverage; (ii) uninsured and underinsured motorist coverage; (iii) personal injury protection; and (iv) collision physical damage coverage and comprehensive physical damage coverage. The TNC insurance requirements could be met by the TNC, the TNC driver, or both.

The proposed model act would also require TNCs to provide certain disclosures and notices to TNC drivers and the owner of the personal vehicle being used by a TNC driver.

In addition, the proposed model act would specify that a personal auto insurance policy is not *required* to provide coverage during any period of time that TNC services are being provided. However, an insurer would be *permitted* to include provisions in a personal auto liability insurance policy (or in a policy amendment or endorsement) that expressly provide for coverage during all or a specified portion of the period of time that TNC services are being provided.

A fuller discussion of the proposed model act is planned for NCOIL’s July Summer Meeting scheduled for July 16 to 19 in Indianapolis. A draft of the proposed model act is available here, and interested parties may provide written comments in advance of the meeting, or provide oral comments at the meeting.

Have you seen our Global Insurance Industry Year in Review?

In our Global Insurance Industry 2014 Year in Review, we discuss developments and trends in insurance industry transactions in the past year in the United States, Europe, Asia and Latin America, with particular focus on mergers and acquisitions, corporate finance, the insurance-linked securities and convergence markets, and certain tax and regulatory developments in the industry. For Mayer Brown and our global insurance transactional practice, 2014 was a banner year thanks to the continued support of our clients. We were privileged to work on many of the most interesting and innovative transactions in the industry, including 10 completed insurance M&A deals, as well as underwritten offerings of equity, hybrid and debt securities, and numerous corporate financings, raising over $12 billion of capital for the industry. In addition, we acted in 2014 on more than 21 completed catastrophe bond offerings and sidecar transactions raising more than $5.5 billion of risk capital.

A request for the 2014 Year in Review can be made here.

If you have any questions in connection with anything in this Bulletin, please do not hesitate to get in touch with your usual Mayer Brown contact or one of the contacts referred to below.

Co-Editor

Colin Scagell
Partner
+44 20 3130 3315
cscagell@mayerbrown.com

Co-Editor

Lawrence Hamilton
Partner
+1 312 701 7055
lhamilton@mayerbrown.com

Co-Editor

David Alberts
Partner
+1 212 506 2611
dalberts@mayerbrown.com

Managing Editor

Nicole Zayac
Counsel
+1 650 331 2066
nzayac@mayerbrown.com

About Mayer Brown

Mayer Brown is a global legal services organization advising clients across the Americas, Asia and Europe. Our presence in the world's leading markets enables us to offer clients access to local market knowledge combined with global reach.

We are noted for our commitment to client service and our ability to assist clients with their most complex and demanding legal and business challenges worldwide. We serve many of the world's largest companies, including a significant proportion of the Fortune 100, FTSE 100, DAX and Hang Seng Index companies and more than half of the world's largest banks. We provide legal services in areas such as banking and finance; corporate and securities; litigation and dispute resolution; antitrust and competition; US Supreme Court and appellate matters; employment and benefits; environmental; financial services regulatory & enforcement; government and global trade; intellectual property; real estate; tax; restructuring, bankruptcy and insolvency; and wealth management.

Please visit www.mayerbrown.com for comprehensive contact information for all Mayer Brown offices.