

§3483. Bulk reinsurance

1. A domestic insurer may reinsure, and thereby transfer its direct liability as the insurer with respect to, all or substantially all of its business in force, or all or substantially all of a major class thereof, with another insurer, stock or mutual, by an agreement of bulk reinsurance after compliance with this section. Any such agreement is not effective unless filed with the superintendent, or if disapproved by the superintendent.

[RR 2021, c. 1, Pt. B, §291 (COR).]

2. The superintendent shall disapprove such agreement within a reasonable time after filing if the superintendent finds:

A. That the plan and agreement are unfair and inequitable to any insurer or to policyholders involved; [RR 2021, c. 1, Pt. B, §292 (COR).]

B. That the reinsurance, if effectuated, would substantially reduce the protection or service to the policyholders of any domestic insurer involved; [RR 2021, c. 1, Pt. B, §292 (COR).]

C. That the agreement does not embody adequate provisions by which the reinsuring insurer becomes liable to the original insureds for any loss or damage occurring under the policies reinsured in accordance with the original terms of such policies; or [PL 1969, c. 132, §1 (NEW).]

D. That the assuming reinsurer is not authorized to transact such insurance in this State, or is not qualified as for such authorization or will not appoint the superintendent and the superintendent's successors as its irrevocable attorney for service of process, so long as any policy so reinsured or claim thereunder remains in force or outstanding; [RR 2021, c. 1, Pt. B, §292 (COR).]

E. That such reinsurance would materially tend to lessen competition in the insurance business in this State or elsewhere as to the kinds of insurance involved, or would materially tend to create a monopoly as to such business; or [PL 1969, c. 132, §1 (NEW).]

F. That the proposed bulk reinsurance is not free of other reasonable objections. [PL 1969, c. 132, §1 (NEW).]

[RR 2021, c. 1, Pt. B, §292 (COR).]

3. If the superintendent disapproves the agreement, the superintendent shall forthwith notify in writing each insurer involved, specifying the superintendent's reasons therefor.

[RR 2021, c. 1, Pt. B, §293 (COR).]

4. If for reinsurance of all or substantially all of the business in force of an insurer at a time when the insurer's capital, if a stock insurer, or surplus, if a mutual insurer, is not impaired, the plan and agreement of such reinsurance must be approved by a vote of not less than 2/3 of the insurer's outstanding stock having voting rights, if a stock insurer, or of members, if a mutual insurer, voting thereon, at a meeting of stockholders or members called for the purpose pursuant to such reasonable notice and procedure as is provided for in the agreement. If a mutual life insurer, right to vote may be limited to members otherwise entitled to vote and whose policies are other than term policies for terms of less than 20 years, or group policies, and have been in effect for more than one year.

[PL 1969, c. 132, §1 (NEW).]

5. No director, officer, agent or employee of any insurer party to such reinsurance, or any other person, shall receive any special compensation for arranging or with respect to, any such reinsurance except as is set forth in the reinsurance agreement filed with the superintendent.

[PL 1969, c. 132, §1 (NEW); PL 1973, c. 585, §12 (AMD).]

6. The superintendent may adopt rules, subject to Title 5, chapter 375, to effectuate this section.

[PL 1989, c. 846, Pt. E, §3 (NEW); PL 1989, c. 846, Pt. E, §4 (AFF).]

SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). PL 1989, c. 846, §§E3,4 (AMD). RR 2021, c. 1, Pt. B, §§291-293 (COR).

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