

Article - Insurance

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§5-911.

(a) A certified reinsurer shall secure obligations assumed from United States ceding insurers under this subtitle at a level consistent with its rating, as specified in regulations the Commissioner adopts.

(b) Except as otherwise provided in this section, in order for a domestic ceding insurer to qualify for full financial statement credit for reinsurance ceded to a certified reinsurer, the certified reinsurer shall maintain security in a form the Commissioner considers acceptable and consistent with § 5-914 of this subtitle, or in a multibeneficiary trust in accordance with § 5-907 of this subtitle.

(c) (1) If a certified reinsurer maintains a trust to fully secure its obligations consistent with § 5-907 of this subtitle and chooses to secure its obligations incurred as a certified reinsurer in the form of a multibeneficiary trust, the certified reinsurer shall maintain separate trust accounts for its obligations incurred under reinsurance contracts issued or renewed as a certified reinsurer with reduced security as allowed by this section or comparable laws of other United States jurisdictions and for its obligations subject to § 5-907 of this subtitle.

(2) As a condition of certification under § 5-908 of this subtitle, the certified reinsurer shall bind itself, by the language of the trust and agreement with the commissioner with principal regulatory oversight of each trust account, to fund, on termination of the trust account, out of the remaining surplus of the trust, any deficiency of any other trust account.

(d) The minimum trustee surplus requirements provided in § 5-907 of this subtitle do not apply with respect to a multibeneficiary trust maintained by a certified reinsurer for the purpose of securing obligations incurred under this section, except that the trust shall maintain a minimum trustee surplus of \$10,000,000.

(e) With respect to obligations incurred by a certified reinsurer under this section, if the security is insufficient, the Commissioner:

(1) shall reduce the allowable credit by an amount proportionate to the deficiency; and

(2) may impose further reductions in allowable credit on finding that there is a material risk that the certified reinsurer's obligations will not be paid in full when due.

(f) (1) For purposes of this section, a certified reinsurer whose certification the Commissioner has revoked, suspended, or placed on inactive status, or has been voluntarily surrendered, for any reason shall be treated as a certified reinsurer required

to secure all of its obligations.

(2) If the Commissioner continues to assign a higher rating as allowed by other provisions of this section, the requirement of paragraph (1) of this subsection does not apply to a certified reinsurer in inactive status or to a reinsurer whose certification has been suspended.

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