

§6606. Deficiency in reserves, assets or reinsurance

1. Examination of finances. The superintendent may conduct, upon reasonable notice, an examination to determine the financial condition of an arrangement. For arrangements subject to the requirements of section 6603-A, the examination must be limited to the work of the certified public accountant conducting the annual audit or submitting the quarterly filings required by that section. For all other arrangements, examiners duly qualified by the superintendent may examine the loss reserves, assets, liabilities, excess insurance and working capital of a multiple-employer welfare arrangement. If the superintendent finds that the reserves, excess insurance or assets may be inadequate, or that the arrangement does not have working capital in an amount establishing the financial strength and liquidity of the arrangement to pay claims promptly and showing evidence of the financial ability of the arrangement to meet its obligations to covered employees, the superintendent shall notify the arrangement of the inadequacy. Upon notification, the arrangement shall file within 30 days with the superintendent its written plan specifying remedial action to be taken and the time for implementation of that plan.

[PL 1995, c. 618, §10 (AMD).]

2. Correction of deficiency. If the superintendent determines, after reviewing the information filed, that a hazardous financial condition exists, the arrangement shall implement within 30 days its plan to correct any deficiencies and shall file with the superintendent proof of remedial action taken within 60 days. If the superintendent is satisfied that the plan submitted to improve the inadequate condition of the arrangement is sufficient, the superintendent shall notify the arrangement. The arrangement shall report monthly to the superintendent until any deficiencies and their causes have been corrected.

[PL 1993, c. 688, §1 (NEW).]

SECTION HISTORY

PL 1993, c. 688, §1 (NEW). PL 1995, c. 618, §10 (AMD).

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