

§6607. Trust deposit or surety bond

If the superintendent determines that a multiple-employer welfare arrangement has failed to establish or maintain the actuarially indicated level of funding as required, the superintendent may require the arrangement to file a security deposit or a surety bond in accordance with this section. [PL 1995, c. 618, §11 (AMD).]

1. Deposit. If required, deposit funds, which may consist of cash, securities or any combination of cash and securities acceptable to the superintendent, must be filed with the superintendent for deposit with the Treasurer of State in an amount equal to the greater of either 25% of the immediately preceding 12 months' health care claims expenditures or 15% of the expected gross annual contributions for the current year. In no case may the amount of the deposit be less than \$50,000 or more than \$1,000,000 except that the superintendent, after due notice to all interested parties and opportunity for hearing, and after consideration of the records, may prescribe an amount in excess of \$1,000,000. All income from deposits belongs to the depositing arrangement and must be paid to it when received. An arrangement that has made a security deposit, subject to approval of the superintendent, may withdraw that deposit or any part of that deposit after making a substitute deposit of cash, securities or any combination of cash and securities of equal amount and value. A judgment creditor or other claimant of a multiple-employer welfare arrangement may not levy upon any of the assets or securities held in this State as a deposit under this section.

[PL 1993, c. 688, §1 (NEW).]

2. Surety bond in lieu of deposit. In lieu of the deposit required under subsection 1, an arrangement may file with the superintendent a surety bond in like amount. The bond must be one issued by an authorized surety insurer, must be for the same purpose as the deposit in lieu of which it is filed and must be in a form prescribed by the superintendent. A bond may not be canceled or subject to cancellation unless at least 60 days' advance notice of cancellation in writing is filed with the superintendent and the chair of the trustees.

[PL 1993, c. 688, §1 (NEW).]

3. Insolvency termination. In the event of a termination of an arrangement due to insolvency, a determination of impairment or the failure of the arrangement to pay any final judgment rendered against it in this State within 30 days after the judgment becomes final, the deposit held by the superintendent pursuant to subsection 1 or the bond held by the superintendent pursuant to subsection 2 must be applied to the extent of the insolvency or to the extent of any default in payment of benefit claims. Any deposit funds remaining in excess of the amount needed to make the arrangement solvent must be distributed in accordance with section 6610.

[PL 1993, c. 688, §1 (NEW).]

SECTION HISTORY

PL 1993, c. 688, §1 (NEW). PL 1995, c. 618, §11 (AMD).

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