

§731-E. Reinsurance concentration risk

1. Reinsurance claim exposure. An insurer shall manage its reinsurance recoverables proportionate to its own book of business. A domestic insurer shall notify the superintendent within 30 days after reinsurance recoverables from any single assuming insurer, or group of affiliated assuming insurers, exceed 50% of the insurer's last reported surplus to policyholders or after it is determined that reinsurance recoverables from any single assuming insurer, or group of affiliated assuming insurers, are likely to exceed this limit.

[PL 2013, c. 238, Pt. B, §10 (NEW).]

2. Diversification. An insurer shall diversify its reinsurance program to the extent reasonably necessary to avoid imprudent concentrations of risk. A domestic insurer shall notify the superintendent within 30 days after ceding to any single assuming insurer, or group of affiliated assuming insurers, more than 20% of the insurer's gross written premium in the prior calendar year or after the insurer has determined that the reinsurance ceded to any single assuming insurer, or group of affiliated assuming insurers, is likely to exceed this limit.

[PL 2013, c. 238, Pt. B, §10 (NEW).]

3. Risk management. A notice provided by an insurer under subsection 1 or 2 must include a demonstration that the insurer is safely managing the exposure.

[PL 2013, c. 238, Pt. B, §10 (NEW).]

SECTION HISTORY

PL 2013, c. 238, Pt. B, §10 (NEW).

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