6.6.6821 LIMIT OF RISK -- CAPTIVE RISK RETENTION GROUPS

(1) A captive risk retention group shall not retain any risk on any one occurrence in an amount exceeding 10% of its surplus as regards policyholders.

(2) The maximum retained risk on any one occurrence pursuant to (1) may be increased by the commissioner after considering all relevant aspects of a captive risk retention group's business plan and/or operational history including, but not limited to, the following:

(a) the financial strength of the captive risk retention group;

(b) the ability of the risk retention group to raise capital;

(c) quality of corporate governance and captive management;

(d) rating and pricing methodologies; and

(e) loss prevention and risk management programs.

(3) Increases in the maximum retained risk granted by the commissioner pursuant to (2) shall be by policy, or by program, and shall not apply to a captive risk retention group's other policies or programs without specific approval of the commissioner.

(4) The commissioner may revoke an increase in the maximum retained risk granted to a captive risk retention group pursuant to (2) when the commissioner becomes aware of any adverse change to one or more of the factors used in granting the increase, or when the commissioner becomes aware of any other information meriting a reduction in the maximum retained risk.

(5) Any captive risk retention group licensed and operating prior to the effective date of this rule that has a maximum retained risk higher than the limit in (1) is considered to have been approved for an increase in the maximum retained risk pursuant to (2). The commissioner's authority to revoke an increase in the maximum retained risk pursuant to (4) is applicable to captive risk retention groups.

Authorizing statute(s): 33-28-206, MCA

Implementing statute(s): 33-28-207, MCA

History: NEW, 2006 MAR p. 321, Eff. 12/9/05; AMD, 2011 MAR p. 2516, Eff. 11/26/11.