



ADMINISTRATIVE RULES OF MONTANA

6.6.3865 ASSUMING INSURER - RISKS ASSOCIATED WITH LIFE, ANNUITIES, ACCIDENT AND HEALTH OR DISABILITY - TRUST AGREEMENT PROVISIONS - PERMISSIVE

- (1) When a trust agreement is established in conjunction with a reinsurance agreement pursuant to 33-2-1217, MCA, covering risks associated with life, annuities, and accident and health or disability, notwithstanding any other conditions in this regulation, the trust agreement may provide that the ceding insurer shall undertake to use and apply amounts drawn upon the trust account, without diminution because of the insolvency of the ceding insurer or the assuming insurer, only for the following purposes:
 - (a) to pay or reimburse the ceding insurer for:
 - (i) the assuming insurer's share under the specific reinsurance agreement of premiums returned, but not yet recovered from the assuming insurer, to the owners of policies reinsured under the reinsurance agreement on account of cancellations of the policies; and
 - (ii) the assuming insurer's share under the specific reinsurance agreement of surrenders and benefits or losses paid by the ceding insurer, but not yet recovered from the assuming insurer, under the terms and provisions of the policies reinsured under the reinsurance agreement;
 - (b) to pay to the assuming insurer amounts held in the trust account in excess of the amount necessary to secure the credit or reduction from liability for reinsurance taken by the ceding insurer; or
 - (c) where the ceding insurer has received notification of termination of the trust and where the assuming insurer's entire obligations under the specific reinsurance agreement remain unliquidated and undischarged 10 days prior to the termination date, to withdraw amounts equal to the assuming insurer's share of liabilities, to the extent that the liabilities have not yet been funded by the assuming insurer, and deposit those amounts in a separate account, in the name of the ceding insurer in any qualified U.S. financial institution apart from its general assets, in trust for the uses and purposes specified in (a) and (b) as may remain executory after withdrawal and for any period after the termination date.

Authorizing statute(s): 33-1-313, 33-2-1517, MCA

Implementing statute(s): 33-2-1217, MCA

History: NEW, 2016 MAR p. 2186, Eff. 11/26/16.