

2740.5200 REINSURANCE PLAN.

Subpart 1. **Pool agreement.** The association may enter into reinsurance pooling agreements with insurer and fraternal members to establish a reinsurance plan for risks of categories of coverage described in part 2740.5100. The reinsurance plan may provide for a reinsurance pool.

Subp. 2. **Application and acceptance.** Insurer or fraternal members wishing to participate in the pool shall apply to the association for participation in the pool, specifying the categories of coverage that the member desires to reinsure.

Each member entering into a reinsurance pooling agreement for a particular category or categories of coverage shall offer to place in the pool all policies and contracts that it issues in the category or categories listed in part 2740.5100 that it wishes to reinsure.

Only policies and contracts acceptable to the association or its reinsurance administrator may be accepted for reinsurance. The association is under no obligation to accept any but standard risks in the reinsurance plan.

Subp. 3. **Commercial reinsurance.** The association may obtain commercial reinsurance to reduce the risk of loss through the pool to insurer or fraternal members entering into reinsurance pooling agreements. Any contract for commercial reinsurance entered into between the association and a commercial reinsurer shall be binding on any insurer or fraternal member entering into a reinsurance pooling agreement.

Subp. 4. **Pool administration.** The association may administer the pool directly or through a reinsurance administrator.

The association or its reinsurance administrator may establish underwriting standards with which participating members shall comply and may perform reinsurance underwriting on all policies or contracts submitted for reinsurance.

The association or its reinsurance administrator may perform benefit calculation (claims processing) for all claims eligible for reimbursement to participating members. Only claims paid by participating members and approved by the association or its reinsurance administrator shall be eligible for reimbursement by the association or its reinsurance administrator in accordance with the reinsurance pooling agreement.

Except for underwriting and claims processing functions, the association or the reinsurance administrator shall have no responsibility for other administration functions for any member's reinsured policies or contracts unless otherwise agreed to by the association.

Subp. 5. **Duties of members.** Participating members shall have the duties established in the reinsurance pooling agreement, including but not limited to:

A. submitting reports that provide all information deemed necessary by the association or its reinsurance administrator for performance of reinsurance, underwriting, and claims processing functions;

B. paying all pooling payments; and

C. paying all reinsurance assessments and interim reinsurance assessments as required by the board.

Statutory Authority: *MS s 62E.09*

History: *10 SR 474*

Published Electronically: *October 8, 2007*