

Effective 5/10/2016

31A-22-1201 Assumption agreement.

- (1) Subject to Subsection (2), a credit for reinsurance ceded under Section 31A-17-404 or 31A-17-404.1 is not allowed unless, in addition to meeting the requirements of Section 31A-17-404 or 31A-17-404.1, the reinsurance agreement provides in substance that if the ceding insurer is insolvent, the reinsurance is payable by the assuming insurer:
- (a) on the basis of the liability of the ceding insurer under the contract or contracts reinsured;
 - (b) without diminution because of the insolvency of the ceding insurer; and
 - (c) directly to the ceding insurer or to its domiciliary liquidator or receiver.
- (2) Subsection (1) applies except if:
- (a) a contract specifically provides another payee of the insurance in the event of the insolvency of the ceding insurer; or
 - (b) the assuming insurer, with the consent of the one or more direct insureds, assumes the policy obligations of the ceding insurer:
 - (i) as direct obligations of the assuming insurer to the payees under the policies; and
 - (ii) in substitution for the obligations of the ceding insurer to the payees.

Amended by Chapter 138, 2016 General Session