

31A-22-1203 Right of reinsurer to defend claim.

A reinsurance contract may provide that the receiver of a ceding insurer shall, within a specified or reasonable time after the claim is filed in court or in the receivership, give written notice to an assuming reinsurer of all or part of the claim against the ceding insurer. During the pendency of the claim, any assuming reinsurer may investigate the claim and unless forbidden to do so by the reinsurance agreement, may intervene in the proceeding in which the claim is pending and interpose any defenses it considers available which have not been raised by the ceding insurer or its receiver. The expenses incurred by the assuming reinsurer in this type of action are payable up to the amount of the expenses or the amount of the benefit produced, whichever is less, as expenses of the receivership. If two or more assuming reinsurers have potential liability because of the same claim, the expenses shall be apportioned among them in proportion to the benefit received.

Enacted by Chapter 242, 1985 General Session