

31A-5-703 Nonrenewals, cancellations, or revisions of ceded reinsurance agreements.

- (1)
- (a) A nonrenewal, cancellation, or revision of ceded reinsurance agreements is not subject to the reporting requirements of Section 31A-5-701 if:
 - (i) the nonrenewal, cancellation, or revision is not material; or
 - (ii) with respect to a property and casualty business, the insurer's total ceded written premium, on an annualized basis, is less than 10% of its total written premium for direct and assumed business; or
 - (iii) with respect to a life, annuity, and accident and health business, the total reserve credit taken for business ceded, on an annualized basis, is less than 10% of the statutory reserve requirement prior to a cession.
 - (b) For purposes of this part, a material nonrenewal, cancellation, or revision is one that affects:
 - (i) with respect to a property and casualty business:
 - (A) more than 50% of the insurer's total ceded written premium; or
 - (B) more than 50% of the insurer's total ceded indemnity and loss adjustment reserves;
 - (ii) with respect to a life, annuity, and accident and health business, more than 50% of the total reserve credit taken for business ceded, on an annualized basis, as indicated in the insurer's most recent annual statement; or
 - (iii) with respect to either property and casualty or life, annuity, or accident and health business:
 - (A) an authorized reinsurer representing more than 10% of a total cession is replaced by one or more unauthorized reinsurers; or
 - (B) previously established collateral requirements have been reduced or waived as respects one or more unauthorized reinsurers representing collectively more than 10% of a total cession.
- (2)
- (a) The following information is required to be disclosed in any report filed pursuant to Section 31A-5-701 of a material nonrenewal, cancellation, or revision of a ceded reinsurance agreement:
 - (i) the effective date of the nonrenewal, cancellation, or revision;
 - (ii) the description of the transaction with an identification of the initiator of the transaction;
 - (iii) the purpose of, or reason for the transaction; and
 - (iv) if applicable, the identity of the replacement reinsurers.
 - (b)
 - (i) Insurers are required to report all material nonrenewals, cancellations, or revisions of ceded reinsurance agreements on a nonconsolidated basis unless the insurer:
 - (A) is part of a consolidated group of insurers that uses a pooling arrangement or 100% reinsurance agreement that affects the solvency and integrity of the insurer's reserves; and
 - (B) ceded substantially all of its direct and assumed business to the pool.
 - (ii) An insurer is considered to have ceded substantially all of its direct and assumed business to a pool if:
 - (A) the insurer has less than \$1,000,000 total direct plus assumed written premiums during a calendar year that are not subject to a pooling arrangement; and
 - (B) the net income of the business not subject to the pooling arrangement represents less than 5% of the insurer's capital and surplus.

Amended by Chapter 116, 2001 General Session