

IC 27-6-1.1

Chapter 1.1. Reinsurance

IC 27-6-1.1-1

Definitions

Sec. 1. As used in this chapter:

"Accepting insurer" means the insurer that is a party to a reinsurance transaction and that reinsures insurance, annuity, and endowment risks or liabilities of another insurer.

"Assumption reinsurance" means a transaction in which one (1) insurer assumes all or a portion of the insurance, annuity, and endowment risks or liabilities of another insurer and thereby becomes directly and primarily liable to the insured, beneficiary, or policyholder under the policies and contracts subject to the reinsurance transaction.

"Ceding insurer" means the insurer that is a party to a reinsurance transaction and whose insurance, annuity, and endowment risks or liabilities are reinsured.

"Indemnity reinsurance" means a transaction in which one (1) insurer agrees to indemnify another insurer for all or a portion of the insurance, annuity, and endowment risks or liabilities of the ceding insurer.

As added by P.L.260-1983, SEC.1.

IC 27-6-1.1-2

Indemnity reinsurance; ceding agreements

Sec. 2. (a) A domestic insurer may cede indemnity reinsurance to any insurer authorized to do business in this state, in any other state of the United States, or in the District of Columbia, or to any alien insurer.

(b) A domestic ceding insurer must file with the commissioner for approval any proposed agreement that would cede indemnity reinsurance of previously retained insurance if the reserves and other liabilities with respect to previously retained insurance that are transferred by the insurer under the proposed agreement and under all other agreements that cede previously retained insurance exceed twenty-five percent (25%) of the total reserves and other liabilities of the domestic ceding insurer. As used in this subsection, "previously retained insurance" means insurance issued before the date of reinsurance and not previously reinsured.

(c) Any agreement that is filed as provided in subsection (b) shall be deemed approved unless the commissioner notifies the insurer within thirty (30) days after submission of an intent to hold a hearing in accordance with section 4 of this chapter.

(d) A transaction of indemnity reinsurance does not create any legal right or relation between the insured, beneficiary, or policyholder and the accepting insurer.

As added by P.L.260-1983, SEC.1.

IC 27-6-1.1-3

(Repealed by P.L.116-1994, SEC.78.)

IC 27-6-1.1-4

Termination of indemnity reinsurance transaction

Sec. 4. The commissioner may require the termination of any indemnity reinsurance transaction, whether or not the applicable agreement was required to be filed for approval, if after a hearing under IC 4-21.5-3, the commissioner finds that the transaction creates an unsafe condition for the policyholders of a domestic insurer.

As added by P.L.260-1983, SEC.1. Amended by P.L.7-1987, SEC.152.

IC 27-6-1.1-5

Assumption reinsurance agreement; approval; exemptions; notice to policyholders

Sec. 5. (a) A domestic insurer must file any proposed agreement of assumption reinsurance with the commissioner for the commissioner's approval. The agreement must be executed by each insurer in a manner consistent with its articles and bylaws and the applicable law.

(b) The requirement for filing and approval provided in subsection (a) is not applicable to an agreement if:

- (1) the ceding insurer is not a domestic insurer; and
- (2) the reserves and liabilities assumed under the agreement are not greater than twenty percent (20%) of the corresponding outstanding reserves and liabilities of the domestic accepting insurer without regard to the agreement.

(c) The commissioner shall approve a reinsurance agreement within sixty (60) days after it is filed as provided in subsection (a) if the commissioner determines that:

- (1) the agreement was legally executed by both insurers;
- (2) in case one (1) of the parties to the agreement is a foreign or alien insurer, the agreement received the sanction and approval of the law of the foreign or alien jurisdiction, if necessary; and
- (3) the agreement deals equitably and fairly with the contract and property rights of insurance, annuity, and endowment policy or contract holders of both insurers.

(d) The commissioner's approval of any agreement of reinsurance that is required to be filed as provided in subsection (a) shall be a condition precedent to the validity of the agreement. On the commissioner's approval, the agreement shall become effective as of the date of the agreement or as of such other date as may be specifically provided in the agreement.

(e) Within the period of forty-five (45) days following the commissioner's approval of an agreement of assumption reinsurance, or within the period of forty-five (45) days following the effective date of an agreement of assumption reinsurance for which the approval of the commissioner is not required, the accepting insurer shall mail a written notification to each reinsured insurance, annuity,

and endowment policy or contract holder. The notification must:

- (1) specify each policy or contract subject to reinsurance and the effective date of the reinsurance transaction;
- (2) offer to provide a copy of the agreement of assumption of reinsurance upon the written request of the policy or contract holder;
- (3) state that the accepting insurer assumes all of the rights and obligations of the ceding insurer with respect to the policies and contracts that are subject to the agreement of assumption reinsurance; and
- (4) state that the rights and benefits of the policy or contract holder under the policy or contract that is subject to reinsurance, including the right to surrender the policy or contract subject to the terms of the policy or contract, are not affected by the reinsurance.

(f) This section does not apply to an assumption reinsurance agreement to which a domestic ceding insurer is a party if the insurer is the subject of a proceeding under IC 27-9-3.

As added by P.L.260-1983, SEC.1. Amended by P.L.256-1985, SEC.1; P.L.248-1989, SEC.1.

IC 27-6-1.1-6

Application of chapter

Sec. 6. This chapter does not apply to any of the parties to a contract of merger or consolidation under IC 27-5.1-2-21.

As added by P.L.260-1983, SEC.1. Amended by P.L.129-2003, SEC.9.