

(D) a conveyance or mortgage of property for its protection; or

(E) in case a suretyship or guaranty obligation was made on behalf or on account of a fiduciary holding property in a trust capacity, by such a deposit or other disposition of a portion of the property so held in trust that no future sale, mortgage pledge or other disposition can be made thereof except with the consent of such insurer or by decree or order of a court of competent jurisdiction.

(ii) Notwithstanding the limitation prescribed in subsection (1) any such insurer may execute bonds of the kind commonly known as transportation or warehousing bonds for United States internal revenue taxes in a net amount not exceeding twenty per cent of its surplus to policyholders, determined as provided in subsection (5).

(iii) In determining the net amount of exposure on any one such risk, the following rules shall be applicable to the kinds of obligations hereinafter described:

(A) When the penalty of a suretyship obligation exceeds the amount of a judgment prescribed therein as appealed from and thereby secured, or exceeds the amount of the subject matter in controversy or of the estate in the hands of the fiduciary for the performance of whose duties it is conditioned, the bond may be executed by such insurer if the actual amount of the judgment or the subject matter in controversy or estate not subject to supervision or control of the surety is not in excess of such limitation of ten per cent.

(B) When the penalty of a suretyship obligation executed for the performance of a contract exceeds the contract price, the latter amount shall be taken as the basis for estimating the limit of risk within the meaning of this section.

(iv) In addition to any other limitation contained in this article, no authorized surety insurer shall at any one time be exposed to risks on suretyship obligations guaranteeing the deposits of any single financial institution in an aggregate net amount in excess of ten per cent of the surplus to policyholders of such surety insurer, determined as provided in subsection (5), unless it shall be protected in excess of that amount by security in accordance with subsection (7) (i).

73. "Reinsurance" Defined.

"Reinsurance" is a contract under which an originating insurer (called the "ceding" insurer) procures insurance for itself in another insurer (called the "assuming" insurer or the "reinsurer") with respect to part or all of an insurance risk of the originating insurer.

74. Reinsurance.

(1) An insurer may accept reinsurance only of such risks, and retain risk thereon within such limits, as it is otherwise authorized to insure.

(2) Except as provided in sections 273 and 274 (bulk reinsurance), an insurer may reinsure all or any part of any particular risk. No credit shall be allowed, as an asset or a deduction from liability, to any ceding insurer for such reinsurance unless the assuming in-