

5-902. SCOPE OF SUBTITLE.

THIS SUBTITLE DOES NOT APPLY TO WET MARINE AND TRANSPORTATION INSURANCE.

REVISOR'S NOTE: This section formerly was Art. 48A, § 74(5).

The only changes are in style.

Defined term: "Wet marine and transportation insurance" § 1-101

5-903. REINSURANCE AUTHORIZED.

(A) IN GENERAL.

EXCEPT AS PROVIDED IN §§ 3-124 AND 3-125 OF THIS ARTICLE FOR BULK REINSURANCE, AN INSURER MAY REINSURE ALL OR PART OF A PARTICULAR RISK.

(B) REINSURANCE OF AUTHORIZED RISKS.

AN INSURER MAY ACCEPT REINSURANCE ONLY OF THOSE RISKS, AND RETAIN RISK ON REINSURANCE ONLY WITHIN THOSE LIMITS, AS THE INSURER IS OTHERWISE AUTHORIZED TO INSURE.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 74(1) and the first sentence of (2).

Defined terms: "Insurer" § 1-101  
"Reinsurance" § 1-101

5-904. CEDING INSURERS.

(A) CREDIT ALLOWED FOR REINSURANCE.

CREDIT MAY NOT BE ALLOWED, AS AN ASSET OR DEDUCTION FROM LIABILITY, TO A CEDING INSURER FOR REINSURANCE UNLESS:

(1) THE REINSURER IS AUTHORIZED TO TRANSACT INSURANCE BUSINESS IN THE STATE OR IS A SOLVENT INSURER APPROVED OR ACCEPTED BY THE COMMISSIONER FOR THE PURPOSE OF REINSURANCE; AND

(2) THE REINSURANCE IS PAYABLE BY THE REINSURER ON THE BASIS OF THE LIABILITY OF THE CEDING INSURER UNDER THE CONTRACTS REINSURED WITHOUT DIMINUTION BECAUSE OF THE INSOLVENCY OF THE CEDING INSURER.

(B) REINSURANCE CONTRARY TO INTERESTS OF POLICYHOLDERS OR STOCKHOLDERS.

THE COMMISSIONER MAY NOT APPROVE OR ACCEPT REINSURANCE BY A CEDING DOMESTIC INSURER IF THE COMMISSIONER FOR GOOD CAUSE FINDS THAT THE REINSURANCE WOULD BE CONTRARY TO THE INTERESTS OF THE POLICYHOLDERS OR STOCKHOLDERS OF THE CEDING DOMESTIC INSURER.

(C) NOTICE OF CHANGE IN REINSURANCE.