

**MAINE BUREAU OF INSURANCE**

**SPECIAL PURPOSE REINSURANCE VEHICLE (“SPRV”)  
APPLICATION CHECKLIST & REQUIREMENTS**

Title 24-A, M.R.S.A. Chapter 9, Subchapter 6

1. State the proposed name of the SPRV, indicate the principal place of business, and identify the office location of the SPRV:

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(Name)

Principal Place of Business:	Office Location:
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2. Include the Application Filing Fee of \$1,000, payable to Treasurer, State of Maine.
3. Provide Biographical Affidavits of all organizers. Include each organizer’s legal name, any name under which he or she has conducted or is conducting his or her affairs, and any names of affiliated people as defined by 24-A, M.R.S.A. §222. The NAIC’s biographical affidavit form should be used and is available at: [http://www.naic.org/industry\\_ucaa.htm#charts](http://www.naic.org/industry_ucaa.htm#charts). List the organizers’ names below:

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4. Provide an Affidavit verifying that each prospective organizer meets the requirements of 24-A, M.R.S.A. Chapter 9, Subchapter 6.
5. Provide representation that the prospective organizer intends to form an SPRV that operates in accordance with the requirements of 24-A, M.R.S.A. Chapter 9, Subchapter 6.
6. Provide a description of the source of and the form of the minimum capital to be contributed to the SPRV. Indicate the minimum capital amount (must be at least \$5,000).

7. Identify any persons with which the SPRV is or upon formation will be affiliated with as defined by 24-A, M.R.S.A. §222.
8. Provide a list of the proposed members of the Board of Directors and principal Officers of the SPRV. Include Biographical Affidavits. Include each individual's legal name, any name under which he or she has conducted or is conducting his or her affairs, and any names of affiliated people as defined by 24-A, M.R.S.A. §222. The NAIC's biographical affidavit form should be used and is available at: [http://www.naic.org/industry\\_ucaa.htm#charts](http://www.naic.org/industry_ucaa.htm#charts).
9. Provide a Plan of Operation, including:
  - A description of the contemplated insurance securitization.
  - The SPRV contract, which must include:
    - i. The obligation of the SPRV to indemnify the ceding insurer for losses.
    - ii. The full securitization of the contract through a single SPRV insurance securitization.
    - iii. The full funding and securitization with assets held in trust in accordance with 24-A, M.R.S.A. Chapter 9, Subchapter 6 pursuant to agreements proposed under this subchapter and invested in a manner that meets the criteria set forth in this subchapter.
    - iv. The provision for providing catastrophe excess of loss property reinsurance coverage or catastrophe life or health reinsurance coverage only (unless the Superintendent specifies additional lines by rule).
    - v. A provision requiring the SPRV to enter into a trust agreement for the benefit of the ceding insurer and specifying what recoverables or reserves or both the trust agreement is to cover.
    - vi. A provision stipulating that assets deposited in the trust account be valued according to their current fair value and may consist only of permitted investments.
    - vii. A provision requiring that the SPRV execute assignments or endorsements in blank or transfer legal title to the trustee of all shares, obligations or any other assets requiring assignments in order that the ceding insurer or the trustee may negotiate any such assets without consent or signature from the SPRV or any other entity prior to depositing assets with the trustee.
    - viii. A provision requiring that all settlements of the account between the ceding insurer and the SPRV be made in cash or its equivalents.
    - ix. A provision stipulating that the assets may be withdrawn by the ceding insurer at any time notwithstanding any other provisions in the contract and must be used and applied by the ceding insurer or its successor including, but not limited to, and subject to the provisions of 24-A, M.R.S.A. Chapter 9, Subchapter 6, §793, any liquidator, rehabilitator, receiver or conservator of the ceding insurer, without diminution because of insolvency or the part of the ceding insurer or the SPRV, only for the purposes of transferring all such assets into one or more trust accounts for the benefit of the ceding insurer pursuant to the terms of the contract and in compliance with 24-A, M.R.S.A.

Chapter 9, Subchapter 6 and paying any other amounts that the ceding insurer claims are due under the contract.

- x. A provision indicating that investors in the SPRV agree that any obligation to repay principal, interest or dividends on the securities issued by the SPRV must be reduced upon the occurrence of a triggering event, to the extent that the assets of the SPRV held in trust for the benefit of the ceding insurer are remitted to the ceding insurer in fulfillment of the obligations of the SPRV under the contract.
- Draft documentation or (if permitted by the Superintendent) a written summary of all material agreements that are planned in order to effectuate the securitization and the related contract including, the name(s) of the ceding insurer(s), the nature of the risks being assumed and the maximum amounts, the purpose and nature and the interrelationships of the various transactions required to effectuate the securitization.
  - A description of any other related transactions.
  - A description of the investment strategy of the SPRV.
  - A representation that the investment strategy complies with the requirements of 24-A, M.R.S.A. Chapter 9, Subchapter 6 and that the strategy includes investment practices or other provisions to preserve asset values to facilitate attainment of full funding during the term of the securitization with assets that can be monetized in response to a triggering event without a substantial loss in value.
  - A description of the method by which losses covered by the contract that may develop after termination of the contract period are to be addressed under the provisions of the contract.
  - A representation that the trust agreement and the trusts holding assets that secure the obligations of the SPRV under the contract and the contract with the ceding insurer(s) in connection with the contemplated securitization are structured in accordance with the requirements of 24-A, M.R.S.A. Chapter 9, Subchapter 6, including:
    - i. Assets of the SPRV pledged to secure obligations of the SPRV to a ceding insurer under a contract must be held in trust and administered by a qualified U.S. financial institution serving as trustee.
    - ii. Provisions for withdrawal of funds from the trust by a ceding insurer must be clean and unconditional.
    - iii. The trust agreement must be established for the sole use and benefit of the ceding insurer at least to the full extent of the SPRV's obligations to the cedent under the contract. If there are multiple cedents, then a separate trust agreement must be entered into with each cedent, and a separate trust account must be maintained for each cedent. If a group of ceding insurers under common control does not elect to be treated as separate insurers, then the trust agreement must identify each affiliated insurer.
    - iv. A provision for the trustee to receive and hold all assets in a safe place.
    - v. A provision for the cedent or the trustee upon direction from the cedent to negotiate assets whenever necessary.
    - vi. A provision for the trustee to furnish a statement of all assets in the trust account.
    - vii. A provision for the trustee to notify the SPRV and the cedent within 10 days of any deposits or withdrawals from the trust account.

- viii. A provision for the trustee to immediately take steps necessary to transfer absolute right, title and interest in the assets held in the trust account to the cedent and deliver physical custody of the assets to the cedent upon written demand from the cedent.
- ix. A provision for the trustee to allow no substitutions or withdrawals of assets from the trust account except on written instructions from the ceding insurer.
- x. A provision that at least 30 days but no more than 45 days before termination of the trust account written notification of the termination must be delivered by the trustee to the cedent.
- xi. A provision that the trust account may not be used for the purpose of paying compensation to or reimbursing the expenses of the trustee.
- xii. A provision that the trustee be liable for the trustee's own negligence, willful misconduct or lack of good faith.

10. Provide the SPRV's bylaws.

11. Provide evidence that the insurance regulator of the state of domicile of each ceding insurer has not disapproved or objected to the transaction.

12. Identify contact information for the person submitting this application:

_____	_____
(Name)	(Date)
_____	_____
(Signature)	(Title / Relationship to SPRV)
_____	_____
(Mailing Address)	(Telephone)
_____	_____
(Mailing Address)	(Email)
_____	_____
(Mailing Address)	(Fax)

*The application checklist and requirements are intended to assist the applicant in the preparation of a complete application. The applicant should carefully review applicable laws to ensure all requirements are met. This document summarizes components of the application requirements without providing the full text of the law. The Bureau of Insurance may request additional information in order to reach a final determination on an application.*

Requirements once a Limited Certificate of Authority has been issued to an SPRV:

- The SPRV must submit a complete set of documentation of the securitization upon the closing of any transactions, including an opinion of legal counsel with respect to compliance with 24-A, M.R.S.A. Chapter 9, Subchapter 6 and any other applicable laws as of the effective date of any transaction.
- The SPRV must submit any material changes to its plan of operation.
- The SPRV must maintain its records in the State of Maine and must make its records available for examination by the Superintendent.
- The SPRV must file audited financial statements of the SPRV and the trust accounts with the Superintendent no later than 5 months after the end of its fiscal year.
- The SPRV must file a statement of operations, including a statement of income, a balance sheet and a detailed listing of investments with the Superintendent by March 1<sup>st</sup> of every year. The statements must be prepared in accordance with statutory accounting principles on forms required by the Superintendent.
- The SPRV must notify the Superintendent of the appointment of new officers or directors within 30 days after the appointment.
- The SPRV must submit for approval by the Superintendent any action related to the dissolution of the SPRV.