

Requirements of Intent
to Transfer Insurance Contracts Pursuant to
Title 24-A M.R.S.A. Chapter 9 Subchapter 5 §763
(Assumption Reinsurance)

"Assumption reinsurance agreement" means a contract that both:

A. Transfers insurance obligations or risks of existing or in-force contracts of insurance from a transferring insurer to an assuming insurer; and

B. Is intended to effect a novation of the transferred contract of insurance with the result that the assuming insurer becomes directly liable to the policyholders of the transferring insurer and the transferring insurer's insurance obligations or risks under the contracts are extinguished

Transferring insurer shall provide or cause to be provided:

1. Notice to policyholders, agents and brokers

By first class mail addressed to the last known address, the address to which premium notices or other policy documents are sent -or- with respect to home service business by personal delivery with acknowledged receipt.

Notice of transfer must be sent to the transferring insurer's agents or brokers of record on the affected policies.

2. The notice of transfer must state or provide:

- The date the transfer and novation of the policyholder's contract of insurance is proposed to take place;
- The names and addresses and telephone numbers of the assuming and transferring insurers;
- That the policyholder has the right to either consent to or reject the transfer and novation;
- The procedures and time limit for consenting to or rejecting the transfer and novation;
- A summary of an effect that consenting to or rejecting the transfer and novation has on the policyholder's rights;
- A statement that the assuming insurer is licensed to write the type of business being assumed in the state where the policyholder resides or is otherwise authorized, as provided in this subchapter, to assume the business;
- The name and address of the person at the transferring insurer to whom the policyholder should send a written statement of acceptance or rejection of the transfer and novation;
- The address and phone number of the Bureau of Insurance so that the policyholder may write or call for further information regarding the financial condition of the assuming insurer; and
- The following financial data for both companies:

- Ratings for the last 5 years if available or for a lesser period as are available from 2 nationally recognized insurance rating services acceptable to the superintendent including the rating service's explanation of the meaning of the ratings. If ratings are unavailable for a year of the 5-year period, this must also be disclosed;
- A balance sheet as of December 31st for the previous 3 years if available or for a lesser period as is available and as of the date of the most recent quarterly statement;
- A copy of the Management's Discussion and Analysis that was filed as a supplement to the previous year's annual statement; and
- An explanation of the reason for the transfer

Notice must be given in a manner prescribed in §763 of the Maine Insurance Code:

3. Domestic Insurers

- a. Domestic insurers must receive prior approval prior to assuming or transferring obligations or contracted risks under an assumption agreement.
- b. Domestic insurers may not transfer obligations or contracted risk on residents of this State to an insurer that is not licensed in this State.
- c. Domestic insurers must be licensed in another state or the assumption approved in another state before assuming obligations or contracted risks on residents of that state.

4. Licensed Foreign Insurers

- a. Foreign insurers party to assumption reinsurance agreements that transfer obligation or contracted risks of residents of this State must:
 - i. File or cause to be filed with the superintendent the assumption certificate;
 - ii. A copy of the notice of transfer;
 - iii. An affidavit that the transaction is subject to substantially similar requirements in the state of domicile of both the transferring and assuming insurer.
- b. Foreign insurers must obtain prior approval from the Superintendent when transferring obligations or contracted risk of residents of this state:
 - i. Unless insurers are subject to assumption reinsurance requirements, adopted by law or rule in their state of domicile, which are substantially similar to those of this State.

5. The following rights of the policyholder are to be included pursuant to and prescribed by §764.

- a. Right to reject.
- b. Payment of premium.
- c. Additional notice.
- d. Response cards.