

STATE OF MAINE
BUREAU OF INSURANCE
DOCKET NO. INS-19-401

| | | |
|--------------------------|---|-------------------|
| |) | CONSENT AGREEMENT |
| IN RE Maine Credit Union |) | FOR CONDITIONAL |
| League Insurance Trust |) | LICENSURE |
| |) | (REDACTED) |
| |) | |

The Maine Credit Union League Insurance Trust (“MCULIT” or “the Arrangement”), the Maine Insurance Superintendent, and the Maine Office of the Attorney General hereby enter into this Consent Agreement pursuant to 10 M.R.S.A. § 8003(5)(B) to resolve, without an adjudicatory proceeding, issues arising out of MCULIT’s application for licensure by the Superintendent as a multiple-employer welfare arrangement.

STIPULATIONS

1. The Maine Credit Union League is applying for authority to establish and operate a multiple-employer welfare arrangement in the State of Maine pursuant to 24-A M.R.S. Chapter 81 (§§ 6601–6616) (the “Act”);
2. The Superintendent is the official charged with administering and enforcing Maine’s insurance laws, including the Act;
3. Because MCULIT has complied with the requirements of the Act and that the Superintendent is prepared to issue MCULIT a certificate of authority to establish and operate a multiple-employer welfare arrangement, subject to the conditions stated below.

COVENANTS

1. The parties agree to the following:

A. Each Employer Member participating in the Arrangement shall execute a Participation Agreement, before coverage may take effect, by which the Employer agrees to be jointly and severally liable for all obligations and liabilities incurred by the Arrangement while the Employer Member remains a Participating Employer;

B. MCULIT shall establish a Trust Fund Account with a qualified financial institution, and an operating account with a qualified financial institution;

C. Before the Arrangement begins operations, the Trust Fund Account shall be pre-funded by the Employer Members in an amount at least equal to <<REDACTED>>. The operating account shall be pre-funded by the Employer Members in an amount at least equal to <<REDACTED>>;

D. Subsequent contributions by Employer Members shall be deposited directly to the operating account, with appropriate amount(s) transferred to the Trust Fund Account. Said accounts must be subject to complete fiscal control of MCULIT. An Insurance Administrator may be empowered to disburse funds from the operating account, <<REDACTED>>;

E. MCULIT shall transfer sufficient funds to the Trust Fund Account from the operating account <<REDACTED>>, and shall maintain a balance of at least <<REDACTED>> at all times thereafter;

F. Notwithstanding any special assessments, contribution rates shall be reviewed and adjusted <<REDACTED>> provided that, until further order of the Superintendent, the rates must at least be sufficient to cover all expenses and <<REDACTED>> percent of expected claims of the Arrangement;

G. The Trustees, a subcommittee of the Trustees, or the Managing Administrator of the Trust shall monitor all claims and liabilities of the Arrangement in relation to the amount of funds available in the Trust Fund Account; shall establish necessary loss reserves for incurred claims; and shall promptly access additional funds from Employer Members through special assessments to the extent necessary to maintain, at a minimum, a positive fund balance;

H. The Arrangement shall maintain at all times a surplus amount no less than <<REDACTED>>;

I. The Trustees shall file <<REDACTED>> reports with the Superintendent, acceptable to the Superintendent, detailing the amount of all claims incurred and other liabilities of the Arrangement <<REDACTED>>. In addition to the aforementioned reports, the Trustees shall file annual audited financial reports in accordance with generally accepted accounting principles prepared by the Arrangement's accountant. The audited annual reports must be filed with the Superintendent within one hundred-eighty (180) days after the end of the Arrangement's fiscal year;

J. If the Superintendent determines that the reserves, excess insurance or assets of the Arrangement may be inadequate, or that the Arrangement does not have capital in an amount establishing the financial strength and liquidity of the Arrangement necessary to enable it to pay claims promptly or to meet its obligations to covered employees, the Superintendent shall notify the Trustees or the managing administrator of the Trust of the inadequacy. If the inadequacy is not corrected by a special assessment on Employers <<REDACTED>>, the Superintendent may immediately and without further notice require the Arrangement to provide a letter of credit, on a form prescribed by the Superintendent and with drawings in an amount prescribed by the Superintendent;

K. The Arrangement, through its licensed insurance administrator, shall maintain a network sufficient to support the Plan in compliance with applicable Maine laws and regulations and the Superintendent's approval. <<REDACTED>>;

L. The Arrangement shall maintain <<REDACTED>> excess insurance with an approved insurer with a specific attachment point not to exceed <<REDACTED>>;

M. Final executed copies of the Declaration of Trust shall be filed in a form acceptable to the Superintendent on or before <<REDACTED>>. Any investment of funds in the Trust Fund Account shall be in accordance with an investment policy acceptable to the Superintendent, for which a proposed policy shall be provided for the Superintendent's review not later than <<REDACTED>>;

N. A formal hearing in this matter is waived and no appeal will be taken.

2. The Superintendent agrees to issue a certificate of authority to MCULIT, and MCULIT agrees that the Superintendent has the discretion to revoke or suspend its certificate of authority, or place it on probation, if MCULIT fails to comply with its obligations under this Consent Agreement.

MISCELLANEOUS

1. MCULIT understands and acknowledges that this Agreement is a public record within the meaning of 1 M.R.S.A. §402 and will be available for public inspection and copying as provided for by 1 M.R.S.A. §408;

2. It is understood by the parties to this Agreement that nothing herein shall affect any rights or interests that any person not a party to this Agreement may possess.

March 29, 2019

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Kim Daigle,
Insurance Administrator,
Maine Credit Union League Insurance Trust

Subscribed to before me this 29th day of March, 2019.

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Ruth M. Noble
Notary Public

My Commission Expires: April 26, 2021

March 29, 2019

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Eric A. Cioppa
Superintendent

March 29, 2019

// s //
Thomas C. Sturtevant
Assistant Attorney General