

40-2,156a. Reporting requirements for material nonrenewal, cancellation of revision or ceded reinsurance agreements. (a) No nonrenewals, cancellations or revisions of ceded reinsurance agreements need be reported pursuant to K.S.A. 40-2,156, and amendments thereto, if the nonrenewals, cancellations or revisions are not material. For purposes of this act, a material nonrenewal, cancellation or revision is one that affects:

(1) As respects property and casualty business, including accident and health business written by a property and casualty insurer:

- (A) More than 50% of the insurer's total ceded written premium; or
- (B) more than 50% of the insurer's total ceded indemnity and loss adjustment reserves.

(2) As respects life, annuity and accident and health business: more than 50% of the total reserve credit taken for business ceded, on an annualized basis, as indicated in the insurer's most recent annual statement.

(3) As respects either property and casualty or life, annuity, and accident and health business, either of the following events shall constitute a material revision which must be reported:

(A) An authorized reinsurer representing more than 10% of a total cession is replaced by one or more unauthorized reinsurers; or

(B) previously established collateral requirements have been reduced or waived as respects one or more unauthorized reinsurers representing collectively more than 10% of a total cession.

(b) No filing is required pursuant to subsection (a) if:

(1) As respects property and casualty business, including accident and health business written by a property and casualty insurer, the insurer's total ceded written premium represents, on an annualized basis, less than 10% of its total written premium for direct and assumed business; or

(2) as respects life, annuity and accident and health business: the total reserve credit taken for business ceded represents, on an annualized basis, less than 10% of the statutory reserve requirement prior to any cession.

(c) The following information is required to be disclosed in any report of a material nonrenewal, cancellation or revision of ceded reinsurance agreements:

- (1) The effective date of the nonrenewal, cancellation or revision;
- (2) the description of the transaction with an identification of the initiator thereof;
- (3) the purpose of, or reason for, the transaction; and
- (4) the identity of the replacement reinsurers, if applicable.

(d) Insurers are required to report all material nonrenewals, cancellations or revisions of ceded reinsurance agreements on a nonconsolidated basis unless the insurer is part of a consolidated group of insurers which utilizes a pooling arrangement or 100% reinsurance agreement that affects the solvency and integrity of the insurer's reserves and the insurer ceded substantially all of its direct and assumed business to the pool. An insurer is deemed to have ceded substantially all of its direct and assumed business to a pool if the insurer has less than \$1,000,000 total direct plus assumed written premiums during a calendar year that are not subject to a pooling arrangement and the net income of the business not subject to the pooling arrangement represents less than 5% of the insurer's capital and surplus.

History: L. 1997, ch. 166, § 1; July 1.