

2765.1300 STOP-LOSS INSURANCE.

Subpart 1. **Purchase and alteration.** The plan must inform the commissioner at least 180 days prior to expiration of any required stop-loss insurance policy whether it intends to renew the policy, and whether the insurer is willing to renew the policy. Alteration of a required stop-loss insurance policy midterm with the effect of reducing coverage, and cancellation by the plan midterm, are prohibited. If more than one stop-loss insurance policy is obtained in fulfillment of this part's requirements, their expiration dates must be the same.

Subp. 2. **Individual excess.** A plan must have and maintain individual excess stop-loss insurance, that provides for the insurer to assume all liability in excess of the per person limit per year under all coverages the plan offers. The reporting period under this coverage must be no less than one year after the fund year's conclusion. A plan must apply to the commissioner for a determination of the individual excess stop-loss insurance limit. The commissioner must approve the application if the limit would not be detrimental to the solvency and stability of the plan, considering the plan's experience, size, surplus, and other factors affecting financial integrity.

Subp. 3. **Aggregate excess.** A plan must have and maintain aggregate excess stop-loss insurance that provides for the insurer to assume all liability in excess of a specified amount of losses for each fund year. The aggregate excess coverage may be in the form of incurred basis stop-loss insurance or paid basis stop-loss insurance. Plans using paid basis stop-loss insurance must have and maintain extended or runoff aggregate excess stop-loss insurance on an incurred basis. The extended or runoff coverage must provide for the insurer to assume all liability in excess of a specified amount of losses incurred while the paid basis stop-loss insurance was in force, but paid after its termination or nonrenewal. The reporting period under paid basis insurance must be no less than three months after the fund year's conclusion. The reporting period under incurred basis insurance, including extended or runoff insurance, must be no less than one year after the fund year's conclusion.

Subp. 4. [Repealed, 12 SR 845]

Subp. 5. **Surety coverage.** A plan must have and maintain the following language in its required aggregate excess stop-loss insurance policy, unless the commissioner determines that a policy with that language is not available in the market for stop-loss coverage, in which case, the commissioner may determine the requirements needed to obtain stop-loss coverage and meet solvency requirements: "The insurer shall, at the commissioner's request, assume direct responsibility for the plan's coverage and all other responsibilities under this chapter and related statutes, if the plan becomes insolvent, ceases operations without authorization, or otherwise fails to fulfill its responsibilities under this chapter and related statutes. The insurer may attempt to collect reimbursement from the plan or a member on whose behalf the insurer is called upon to pay premium,

pay claims, or incur other extraordinary expenses. However, the insurer must fulfill its responsibilities under this section while any collection attempts are pending. The insurer's responsibilities extend to all matters arising during or attributable to the policy period, and do not terminate with the end of the policy period." The policy must not alter or qualify these terms to harm the plan's rights materially.

Subp. 6. **Return of liability.** No liability or other responsibilities transferred to an insurer under this part may, directly or indirectly, be returned to a plan, a member, or a member's parent, subsidiary, or affiliate. This does not prohibit the insurer from seeking reimbursement from the plan or a member, as permitted under subparts 4 and 5.

Statutory Authority: *MS s 45.023; 62H.06*

History: *9 SR 989; 12 SR 845; L 2002 c 387 s 20,21*

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