

**2785.1300 STOP-LOSS INSURANCE.**

Subpart 1. **Purchase and change.** A pool may purchase stop-loss insurance for indemnification of a portion of its losses. If the pool determines that a stop-loss insurance policy will be terminated or modified causing a violation of subpart 2, or otherwise compromising the pool's financial integrity, the pool must notify the commissioner prior to the termination or modification taking effect. The pool must indicate what corrective action will be taken.

Subp. 2. **Required stop-loss coverage.** All pools except employee health benefit pools are restricted in the amount of potential liability they may retain on any one incident to ten percent of its annual premium volume during the most recent fund year, plus 20 percent of its surplus. The restriction for pools without a year's experience is based on the pool's estimated premium volume during the first full fund year. All liability in excess of the restricted amount must be assumed by a stop-loss insurer under contract with the pool and licensed to do business in Minnesota. For employee health benefit pools required to maintain individual excess stop-loss insurance under Minnesota Statutes, section 471.617, subdivision 3, the self-insured retention per person per year shall not exceed \$50,000.

Subp. 3. **Return of liability.** No liability transferred to an insurer under subpart 2 may, directly or indirectly, be returned to a pool or a member.

**Statutory Authority:** *MS s 471.617; 471.982*

**History:** *10 SR 274*

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