

**191—99.13(505,508) Permitted reinsurance.**

**99.13(1)** An LPS may reinsure, pursuant to a reinsurance contract, only the risks of a ceding insurer.

**99.13(2)** Unless otherwise approved in advance by the commissioner, an LPS may not assume or retain exposure to reinsurance losses for its own account that are not funded by one or more of the following:

*a.* Proceeds from a securitization.

*b.* Premium and other amounts payable by the ceding insurer to the LPS pursuant to the reinsurance contract.

*c.* Letters of credit.

*d.* Guaranties of a parent.

*e.* Any return on investment of the items in paragraph “*a*” or “*b*” of this subrule.

**99.13(3)** An LPS may cede risks assumed through a reinsurance contract to one or more reinsurers through the purchase of reinsurance, subject to the prior approval of the commissioner.

**99.13(4)** An LPS may enter into contracts and conduct other commercial activities related or incidental to and necessary to fulfill the purposes of a reinsurance contract, an insurance securitization, and this chapter, provided such contracts and activities are included in the LPS’s plan of operation or are otherwise approved in advance by the commissioner. Such contracts and activities may include but are not limited to: entering into reinsurance contracts; issuing LPS securities; complying with the terms of these contracts or securities; entering into trust, guaranteed investment contract, swap, or other derivative, tax, administration, services reimbursement, or fiscal agent transactions; complying with trust indenture, reinsurance, or retrocession; or entering into other agreements necessary or incidental to effect a reinsurance contract or an insurance securitization in compliance with this chapter and the LPS’s plan of operation.

**99.13(5)** Unless otherwise approved in advance by the commissioner, a reinsurance contract shall not contain any provision for payment by the LPS in discharge of its obligations under the reinsurance contract to any person other than the ceding insurer or any receiver of the ceding insurer.

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