

191—99.7(505,508) Plan of operation.

99.7(1) An LPS shall have a plan of operation approved by its board of directors. The plan of operation shall include all of the following:

a. A complete description of all reinsurance transactions, reinsurance security arrangements, securitizations, and any other material transactions or arrangements.

b. The source and form of the LPS's capital and surplus.

c. The investment policy of the LPS.

d. Pro forma balance sheets and income statements illustrating one or more adverse case scenarios, as determined under criteria required by the commissioner, for the performance of the LPS under all reinsurance contracts.

e. Risk-based capital requirements, which, at a minimum, shall require the LPS to maintain risk-based capital equal to the product of two and one-half and the number determined under the life risk-based capital formula in accordance with the risk-based capital instructions.

f. Notice and reporting of material transactions.

g. Policies for payments of dividends and other distributions to the organizing life insurance company.

h. Copies of all contracts between the LPS and affiliated companies.

99.7(2) Any change in the LPS's plan of operation shall require prior approval of the commissioner.

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