

§1904. Bond requirements for administrators

1. Every applicant for an administrator's license shall file with the application, and shall maintain in force while licensed, a fidelity bond, and at the superintendent's discretion, a surety bond, in favor of the Treasurer of State, for the benefit of covered persons or plan sponsors as their interest may appear, executed by a surety company authorized to do business in this State and payable to any party injured under the terms of the bond. The bond must be continuous in form and in one of the following amounts:

A. For an administrator that maintains an ATF but does not maintain a CASA, the greater of \$50,000 or 5% of contributions and premiums projected to be received or collected in the ATF for the following plan year from residents of the State, but not to exceed \$1,000,000; [PL 1989, c. 846, Pt. D, §2 (NEW); PL 1989, c. 846, Pt. E, §4 (AFF).]

B. For an administrator that maintains a CASA but does not maintain an ATF, the greater of \$50,000 or 5% of the claims and claim expenses projected to be held in the CASA for the following year to pay claims and claim expenses for residents of the State, but not to exceed \$1,000,000; or [PL 1989, c. 846, Pt. D, §2 (NEW); PL 1989, c. 846, Pt. E, §4 (AFF).]

C. For an administrator that maintains an ATF and a CASA, the greater of \$50,000 or 5% of contributions and premiums projected to be received or collected in the ATF for the following plan year from residents of the State plus 5% of the claims and claim expenses projected to be held in the CASA accounts for the following year to pay claims and claim expenses for residents of the State, but not to exceed \$1,000,000. [PL 1993, c. 171, Pt. A, §1 (AMD).]

This subsection applies to an administrator who is required to maintain funds in a fiduciary capacity as set forth in section 1909.

[PL 1995, c. 329, §27 (AMD).]

2. The bond must remain in force and effect until the surety is released from liability by the superintendent or until the bond is cancelled by the surety. The surety may cancel the bond and be released from further liability under the bond upon 30 days' written notice in advance to the superintendent. The cancellation does not affect any liability incurred or accrued under the bond before the 30-day period expires. Upon receiving any notice of cancellation, the superintendent shall immediately notify the licensee.

[PL 1989, c. 846, Pt. D, §2 (NEW); PL 1989, c. 846, Pt. E, §4 (AFF).]

3. The administrator's license automatically terminates if the bond required by this section is not in force. Within 30 days after the bond ceases to be in force, the administrator shall return the license to the superintendent for cancellation.

[PL 1989, c. 846, Pt. D, §2 (NEW); PL 1989, c. 846, Pt. E, §4 (AFF).]

SECTION HISTORY

PL 1989, c. 846, §§D2,E4 (NEW). PL 1993, c. 171, §A1 (AMD). PL 1995, c. 329, §27 (AMD).

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