

11 NCAC 18 .0118 MAXIMUM NET RETENTION STANDARD

(a) The specific maximum net retention limit for any MEWA, associated with the period of time that the excess insurance coverage is in force, shall be calculated in the following manner:

- (1) Determine the total expected dollar value of claims;
- (2) Determine the total surplus at the beginning of the period of time that the excess insurance coverage is scheduled to be in force;
- (3) Multiply Subparagraph (a)(1) of this Rule by one percent and add that product to Subparagraph (a)(2) of this Rule;
- (4) Multiply the result of the calculation in Subparagraph (a)(3) of this Rule times itself;
- (5) Multiply Subparagraph (a)(1) of this Rule by the number 3.4; and
- (6) Divide the product of the calculation in Subparagraph (a)(4) of this Rule by the product of the calculation in Subparagraph (a)(5) of this Rule.

(b) The specific maximum net retention limit shall not exceed the lesser of:

- (1) The amount in Subparagraph (a)(6) of this Rule;
- (2) Twenty-five thousand dollars (\$25,000); or
- (3) The specific maximum net retention limit determined by or for the MEWA in accordance with sound actuarial principles.

(c) The aggregate maximum net retention shall not exceed the lesser of:

- (1) One hundred twenty-five percent of Subparagraph (a)(1) of this Rule; or
- (2) The aggregate maximum net retention limit determined by or for the MEWA in accordance with sound actuarial principles.

(d) The Commissioner may approve a specific maximum net retention limit or an aggregate maximum net retention limit or both in excess of those calculated pursuant to this Rule, upon application to the Commissioner and the Commissioner's determination that the increase would not inhibit the ability of the MEWA to perform its present and future contractual obligations to policyholders and participants under the MEWA's plan.

*History Note Authority G.S. 58-2-40; 58-49-40(c);
Eff. July 1, 1992;
Amended Eff. October 1, 2008;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 16, 2014.*