

11 NCAC 11C .0603 COMPLIANCE-TRUST ACCOUNT

(a) When G.S. 58-7-162(6) applies under 11 NCAC 11C .0602, the premiums collected by the person or the person and its affiliates and not remitted to the insurer may be held in a trust account with a bank so that those premiums will qualify as allowable or admitted assets.

(b) The trust account shall be an account held in the trust department of a bank and evidenced by a written trust agreement that is in substantial compliance with the Department's Model Trust Agreement.

(c) The trustee bank shall be a national bank or a state chartered bank that is a member of the Federal Deposit Insurance Corporation and be independent from control of either the person, the person's affiliates, or the insurer.

(d) The trust account must be established within 60 days after the end of the month in which the insurer becomes subject to G.S. 58-7-162(6) under 11 NCAC 11C .0602. The trust agreement must be submitted to and approved by the Commissioner before becoming effective, and within that 60-day period.

(e) The person and its affiliates must maintain separate trust accounts, evidenced by written trust agreements, for each insurer subject to G.S. 58-7-162(6).

(f) Once a trust account is established, it shall be maintained:

- (1) for as long as the person or its affiliates produce business for the insurer, regardless of whether the person or its affiliates continue to owe the insurer at least five percent of the insurer's total premiums in course of collection; or
- (2) until the insurer requests and receives authority from the Commissioner to cease using the trust account for the person or its affiliates. Such request shall not be made before 12 months after establishing the trust account.

*History Note: Authority G.S. 58-2-40; 58-7-162;
Eff. April 1, 1993;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 20, 2015.*