

**NORTH CAROLINA DEPARTMENT OF INSURANCE
 AFFILIATED MANAGEMENT, SERVICES & COST-SHARING AGREEMENT CHECKLIST**

Company Name: _____

Entity(ies) Providing the Service: _____

Relationship to the Company: _____

General Provisions:

The following must be addressed in every agreement.

(Column 1 must be completed by the Company.)

**Column 1
 Agreement
 References**

1. Effective date of the agreement. _____
2. The insurer shall maintain oversight for functions provided to the insurer by the affiliate, and the insurer shall monitor services annually for quality assurance. _____
3. All records and data of the insurer must be defined to include all information developed or maintained under or related to the contract or agreement that are otherwise the property of the insurer. The definition of records and data shall include claims and claim files, policyholder lists, application files, litigation files, premium records, rate books, underwriting manuals, personnel records, financial records or similar information within the possession, custody, or control of the affiliate. _____
4. All records and data of the insurer remain the property of the insurer, are subject to the control of the insurer, and must, at no additional cost to the insurer, be held in a manner that ensures that the records and data controlled by the insurer are identifiable and segregated, or readily capable of segregation, from all other persons' records and data. _____
5. The affiliate's books and records, as they pertain to the agreement, must be available for audit and review by the Commissioner. _____
6. All funds and invested assets of the insurer are the exclusive property of the insurer, held for the benefit of the insurer, and are subject to the control of the insurer. _____
7. Standards for termination of the contract or agreement with and without cause. _____
8. Indemnity of the insurer in the event of gross negligence or willful misconduct on the part of the affiliate providing the services or if the affiliate violates provisions of the agreement as required in Item 9 through Item 13 as outlined below. _____

9. If the insurer is placed in supervision, conservatorship, receivership, or seized by the Commissioner pursuant to Article 30 of Chapter 58:
- a. All rights of the insurer under the contract or agreement extend to the receiver, conservator, or Commissioner. _____
 - b. All records and data of the insurer shall, at no additional cost to the receiver or Commissioner, be identifiable and segregated, or readily capable of segregation, from all other persons' records and data. _____
 - c. All records and data of the insurer shall be turned over to the receiver or Commissioner immediately upon the receiver's or Commissioner's request. The records and data shall be turned over in a usable format, and the cost to transfer the records and data to the receiver or Commissioner shall be fair and reasonable. _____
 - d. At the direction of the receiver or Commissioner, the affiliate shall make available all employees required to maintain the continued performance of operations or services of the insurer deemed essential by the receiver or Commissioner. _____
10. The affiliate has no automatic right to terminate the agreement if the insurer is placed in supervision, conservatorship, receivership, or seized by the Commissioner pursuant to Article 30 of Chapter 58. _____
11. All of the following with respect to the performance of services after termination of the contract or agreement if the insurer is placed in supervision, conservatorship, receivership, or seized by the Commissioner under Article 30 of Chapter 58:
- a. The affiliate shall, at the direction of the receiver, conservator, or Commissioner, provide services deemed essential after termination of the contract or agreement. _____
 - b. The contract or agreement shall specify the minimum period of time essential services shall be performed after the termination of the contract or agreement. _____
 - c. Until the insurer is released by the receiver, conservator, Commissioner, or a court order, performance of essential services after the termination of the contract or agreement shall be provided without regard to pre-receivership unpaid fees, if the affiliate continues to receive timely payment for post-receivership services rendered. _____

12. If the insurer is placed in supervision, conservatorship, receivership, or seized by the Commissioner pursuant to Article 30 of Chapter 58, the affiliate will do all of the following:
 - a. Maintain any systems, programs, or other infrastructure necessary to the performance of the contract or agreement. _____
 - b. Until the insurer is released by the receiver, conservator, Commissioner, or a court order, make any systems, programs, or other infrastructure necessary to the performance of the contract or agreement available to the receiver or Commissioner, if the affiliate continues to receive timely payment for post-receivership services rendered. _____

13. If the insurer is placed into receivership pursuant to Article 30 of Chapter 58 and portions of the insurer's policies or contracts are eligible for coverage by one or more guaranty associations, then, subject to the receiver's authority over the insurer, the affiliate's commitments as required by Item 9 through Item 12 above will extend to the affected guaranty associations. _____

14. The advancement of funds by the insurer to the affiliate is prohibited except to pay for services defined in the agreement. _____

15. A description of when the amounts due are to be settled. (Settlement shall occur no less frequently than quarterly and shall comply with the requirements in the NAIC Accounting Practices and Procedures Manual.) _____

16. The assignment of authority under the agreement is not allowed without the express written approval of each party. _____

17. Prior notice shall be given to the Commissioner for the assignment of authority under the agreement. _____

18. Prior approval of the Commissioner shall be obtained for any amendments to the agreement. _____

19. Compensation:
 - a. Terms shall be fair and reasonable. (Refer to SSAP No. 25.) _____
 - b. Set forth the method of allocation for indirect and shared expenses. (Refer to SSAP No. 70.) _____

20. That it is subject to the laws of North Carolina. _____

Specific Provisions:

The following provisions must be included in the agreement if the specific function identified below is delegated to another entity.

1. Collection and Handling of Premiums and Other Funds: Any premiums that are collected must be held in a fiduciary capacity and paid over to the insurer within 30 days following collection. _____

2. Investment Advice and Servicing: The agreement shall specifically set forth Investment Guidelines under which the insurer has directed the investment manager/advisor to act on its behalf. The agreement shall provide that the investment manager/advisor will adhere to specific investment guidelines set by the insurer, which will comply with North Carolina investment laws, and that the insurer may change those guidelines from time to time. _____

3. Cost-Sharing Agreements: In the event the affiliate service provider is receiving services from a provider that is also an affiliate with such services to be passed through to the insurer, the agreement between the affiliate and the affiliate service provider shall be provided for review pursuant to G.S. 58-19-30. The agreement shall specify that any agreements for any services from affiliates obtained pursuant to the cost share and passed through to the insurer will be filed with the Commissioner for review and approval. _____

4. TPA Requirements: (For Life, Health & Annuity Business Only) In the event the affiliate service provider is acting as a third-party administrator as defined in G.S. 58-56-2(5), include all provisions required by G.S. 58-56-6 through G.S. 58-56-46. **(See Third-Party Administrator Agreement Provisions Checklist.)** _____