§ 6705. Relevant criteria. (a) In applying this article, the superintendent shall consider the provisions of paragraph (3) of subsection (c) of section 501 of the Internal Revenue Code and subsection (n) of section 501 of the Internal Revenue Code.

(b) Notwithstanding any other provision of law, a nonprofit property/casualty insurance company shall:

(1) be operated solely to insure risks of its members.

(2) directly provide information to its members with respect to loss control and risk management.

(3) obtain at least one million dollars in startup capital from nonmember charitable organizations. Such startup capital may take the form of subventions as authorized pursuant to section five hundred four of the not-for-profit corporation law or advancements or borrowings as authorized pursuant to section one thousand three hundred seven of this chapter. Startup capital may be used to satisfy the financial requirements contained in this chapter applicable to a nonprofit property/casualty insurance company only to the extent the superintendent determines that it complies with such requirements. Subventions will qualify as advancements or borrowings authorized pursuant to section one thousand three hundred seven of this chapter only if they meet the requirements of advancements or borrowings authorized pursuant to such section.

(4) be controlled by a board of directors elected by the members of the nonprofit property/casualty insurance company.

(5) require, in its organizational documents that:

(A) each member of such nonprofit property/casualty insurance company shall at all times be an organization described in paragraph (3) of subsection (c) of section 501 of the Internal Revenue Code and exempt from tax under subsection (a) of section 501 of the Internal Revenue Code.

(B) any member which receives a final determination that it no longer qualifies as an organization described in paragraph (3) of subsection (c) of section 501 of the Internal Revenue Code shall immediately notify the nonprofit property/casualty insurance company of such determination and the effective date of such determination.

(C) each policy of insurance issued by the nonprofit property/casualty insurance company shall provide that such policy will not cover the

insured with respect to events occurring after the date such final determination was issued to the insured.

(c) A nonprofit property/casualty insurance company shall:

(1) not refuse to issue, renew or cancel a policy of any insurable nonprofit organization based solely on geographic location,

(2) not refuse to write coverages afforded by such insurer for any insurable nonprofit organization in accordance with subsection (d) of this section,

(3) establish and promote a risk management program among its members to identify and reduce risks by implementation of loss control, safety programs and other methods of risk management,

(4) establish equitable risk classifications for all types of nonprofit organizations, and

(5) establish recordkeeping and reporting procedures.

(d) A nonprofit property/casualty insurance company shall, subject to regulatory standards, offer to provide coverage following application by an eligible nonprofit organization, provided that the nonprofit organization has not:

(1) violated applicable laws, regulations and rules;

(2) been involved in financial, management or operational acts, omissions or conditions that substantially and materially increase the hazards to the nonprofit insurer, its solvency, its policyholders, its creditors, or the public;

(3) engaged in fraud or material misrepresentation;

(4) refused to cooperate with reasonable risk management in accordance with risk management standards, approved by the nonprofit insurer's board of directors, for the purpose of protecting the nonprofit organization itself and all participating nonprofit organizations insured by the nonprofit insurer; or

(5) violated such other standards of insurability as the nonprofit insurer's board of directors and the superintendent may approve.

The nonprofit property/casualty insurance company, in any instance of declination of coverage, shall inform the nonprofit organization and the superintendent of the reasons for such declination.