**Section 202.40 Reinsurance**

a) A mortgage guaranty insurance company may, by contract, reinsure any of its insurance with another mortgage guaranty company licensed to transact business in the State of Illinois.

b) The reserves of the ceding company and the reinsurance shall be adjusted to reflect the amount of risk retained by the ceding company and the amount of risk assumed by the reinsurer but in no event shall the reserves as adjusted total less than the reserves that would be required if such ceding had not taken place.