

## Article - Insurance

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§3–217.

(a) Assessments periodically may be levied on the subscribers of a domestic reciprocal insurer liable for assessments, as allowed by the terms of the subscribers' policies, by:

(1) the attorney in fact of the reciprocal insurer, after approval by the subscribers' advisory committee and the Commissioner; or

(2) the Commissioner, in liquidation of the reciprocal insurer.

(b) (1) Subject to paragraph (3) of this subsection, each subscriber's share of a deficiency for which an assessment is made shall be calculated by multiplying:

(i) the premium earned on the subscriber's policy during the period covered by the assessment; by

(ii) the ratio of the total deficiency to the total premiums earned during that period on all policies subject to the assessment.

(2) For purposes of calculating the earned premium under this section:

(i) the gross premium received by the reciprocal insurer for the policy shall be used as a base; and

(ii) deductions may be taken from the gross premium only for charges that do not recur on the renewal or extension of the policy.

(3) Each subscriber's share of a deficiency may not exceed the subscriber's total contingent liability under subsection (e) of this section.

(c) A subscriber may not have an offset against an assessment for which the subscriber is liable because of a claim for an unearned premium or loss payable.

(d) Each subscriber of a domestic reciprocal insurer with contingent liability is liable for and shall pay the subscriber's share of an assessment as calculated and limited in accordance with this subtitle if, while the subscriber's policy is in force or within 3 years after its termination:

(1) the subscriber is notified by the attorney in fact of the reciprocal insurer or the Commissioner of the intent to levy the assessment; or

(2) an order is issued that directs the reciprocal insurer to show cause why a receiver, conservator, rehabilitator, or liquidator of the reciprocal insurer should not be appointed.

(e) One policy or a subscriber to one policy may not be assessed or charged with a total contingent liability for obligations incurred by a domestic reciprocal insurer in one calendar year, in excess of the amount set forth in the power of attorney or subscribers' agreement calculated solely on the premium earned on the policy during that year.

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