

Article - Insurance

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§4–103.

(a) Capital and surplus requirements for an insurer shall be based on all the kinds of insurance business that the insurer transacts or will transact, regardless of where the insurance business is transacted.

(b) To qualify for an initial certificate of authority to engage in one kind or a combination of kinds of insurance business, an insurer must have and maintain the capital stock and surplus requirements of:

- (1) §§ 4–104 and 4–105 of this subtitle, for a stock insurer;
- (2) Title 3, Subtitle 1 of this article, for a mutual insurer;
- (3) Title 3, Subtitle 2 of this article, for a reciprocal insurer;
- (4) Title 8, Subtitle 4 of this article, for a fraternal benefit society; and
- (5) Title 14, Subtitle 1 of this article, for a nonprofit health service plan.

(c) (1) In addition to any other capital and surplus requirements of this article, each insurer's assets and surplus as regards policyholders shall be reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs.

(2) In determining whether an insurer's assets and surplus as regards policyholders are reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs, the following factors, among others, shall be considered:

(i) the size of the insurer as measured by its assets, capital and surplus, reserves, premium writings, insurance in force, and other appropriate criteria;

(ii) the extent to which the insurer's business is diversified among the several lines of insurance;

(iii) the number and size of risks insured in each line of insurance;

(iv) the geographical dispersion of the insurer's insured risks;

(v) the nature and extent of reinsurance of the insurer's risks;

(vi) the quality, diversification, and liquidity of the insurer's investment portfolio;

(vii) the recent past and projected future trends in the size of the insurer's surplus as regards policyholders;

(viii) the surplus as regards policyholders maintained by comparable insurers; and

(ix) the financial position of the insurer, after excluding from assets investments in and other transactions with persons that directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with another person.

(d) The provisions of this subtitle shall be supplemented by the requirements of Subtitle 3 of this title.

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