

## Article - Insurance

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§8-441.

(a) Subject to subsection (b) of this section, a domestic society may cede wholly or partly any individual risk by reinsurance agreement to an insurer that:

(1) is not a fraternal benefit society;

(2) has the power to make reinsurance; and

(3) is authorized to do insurance business in the State or is approved by the Commissioner.

(b) A domestic society may not reinsure substantially all of its insurance in force without the written permission of the Commissioner.

(c) (1) Except as provided in paragraph (2) of this subsection, a ceding domestic society may take credit for the reserves on risks ceded under this section to the extent reinsured.

(2) A ceding domestic society may not be allowed credit, as an admitted asset or as a deduction from liability, for reinsurance made, ceded, renewed, or that otherwise became effective after December 31, 1963, unless the reinsurance is payable by the assuming insurer on the basis of the liability of the ceding society under the contracts reinsured without diminution because of the insolvency of the ceding society.

(d) Notwithstanding the limitations in this section, a society may reinsure the risks of another society in a consolidation or merger approved by the Commissioner under § 8-438 of this subtitle.

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