

## Article - Insurance

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§3–107.

(a) A mutual insurer that proposes to or writes assessable policies must comply with all applicable requirements of this article except that the financial requirements of this section apply instead of the requirements of §§ 4-104, 4-105, and 4-106 and Title 5, Subtitle 10 of this article.

(b) (1) The mutual insurer must have applications for insurance on which it shall issue simultaneously, or it must have in force, at least 20 policies to at least 20 members for the same kind of insurance, on at least 200 separate risks, each within the maximum single risk described in subsection (c) of this section.

(2) To transact workers' compensation insurance or employer's liability insurance, the application shall cover at least 2,000 employees, with each employee considered a separate risk when determining the maximum single risk.

(c) (1) The maximum single risk may not exceed the greatest of:

- (i) 20% of the admitted assets;
- (ii) 3 times the average risk; and
- (iii) 1% of the insurance in force.

(2) When determining the maximum single risk, any authorized reinsurance that takes effect simultaneously with the policy shall be deducted from the maximum single risk.

(d) (1) On each insurance application required by subsection (b) of this section, the mutual insurer must have collected:

- (i) an annual cash premium; or
- (ii) a full premium for the term of the policy, if the policy is for less than 1 year.

(2) The total of the premiums shall be held in cash or in investments authorized for capital and reserve under Title 5, Subtitle 6 of this article.

(e) (1) To qualify for authority to engage in one kind of insurance business allowed to be written on an assessable basis under this article, a mutual insurer must have total assets that:

- (i) equal at least \$250,000; and

(ii) exceed the amount required for reserves and all other liabilities by at least \$125,000.

(2) For purposes of paragraph (1) of this subsection, assets include borrowed surplus under § 3-116 of this subtitle, but exclude borrowed money or other borrowed assets.

(f) To qualify for authority to engage in two or more kinds of insurance business allowed to be written on an assessable basis under this article, a mutual insurer must have assets that:

(1) equal at least \$500,000; and

(2) exceed the amount required for reserves and all other liabilities by at least \$250,000.

(g) (1) This subsection applies only to a domestic mutual insurer that:

(i) is licensed only for property insurance and casualty insurance, other than motor vehicle physical damage insurance, motor vehicle liability insurance, or workers' compensation insurance; and

(ii) writes assessable policies.

(2) Notwithstanding any other provision of this section, a domestic mutual insurer described by paragraph (1) of this subsection need not have assets or surplus exceeding the amount that the mutual insurer would be required to have if it wrote only one kind of insurance, if the mutual insurer:

(i) restricts its operations to the county where its principal office is located and to the counties of the State that are immediately adjacent to that county;

(ii) is not licensed to engage in the insurance business in another state;

(iii) has been in existence for at least 20 years before July 1, 1968; and

(iv) maintains an automatic reinsurance treaty, filed with and approved by the Commissioner, that reinsures liability coverages issued by the mutual insurer in excess of a net amount of retention that is satisfactory to the Commissioner.

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