

Article - Insurance

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§5–101.

(a) In determining the financial condition of an insurer, the following assets that the insurer owns shall be allowed as admitted assets:

(1) cash that the insurer holds or that it controls while the cash is in transit, and the true balance of any deposit in a solvent bank or trust company;

(2) shares or deposits in a savings and loan association or building and loan association, to the extent that the investment or account is insured by an instrumentality of the United States or of Canada;

(3) in an amount not exceeding the cash surrender value of each individual policy:

(i) premium notes and policy loans, except for collateral assignment loans; and

(ii) accrued interest that is 90 days or more past due on each asset listed in item (i) of this item;

(4) in an amount not exceeding the policy reserve on each individual policy:

(i) collateral assignment loans; and

(ii) accrued interest that is 90 days or more past due on the asset listed in item (i) of this item;

(5) for a life insurer:

(i) the net amount of uncollected premiums that are not more than 90 days past due, unless payable directly or indirectly by an instrumentality of the United States; and

(ii) the net amount of deferred premiums and annuity considerations;

(6) except for life insurance premiums, the amount of premiums in the course of collection that:

(i) are not more than 90 days past due, unless payable directly or indirectly by an instrumentality of the United States; and

(ii) do not include commissions;

- (7) to the extent of the unearned premium reserves carried on policies:
 - (i) installment premiums other than life insurance premiums; and
 - (ii) notes or similar written obligations not past due taken for premiums other than life insurance premiums;
- (8) the full amount of reinsurance that a ceding insurer may recover from a solvent reinsurer under Subtitle 9 of this title;
- (9) amounts receivable by an assuming insurer that represent funds that a solvent ceding insurer withholds under a reinsurance treaty;
- (10) deposits or equities recoverable from an underwriting association, syndicate, reinsurance fund, or suspended banking institution:
 - (i) to the extent the deposits or equities are available for payment of losses and claims; or
 - (ii) at values that the Commissioner determines;
- (11) electronic data processing equipment and operating system software amortized over a period of not more than 3 calendar years, to the extent it does not exceed 3% of the insurer's capital and surplus as required to be shown on the insurer's statutory financial statement, adjusted to exclude deferred tax assets and net positive goodwill;
- (12) investments, securities, properties, and loans acquired or held in accordance with this article, and the related items listed in subsection (b) of this section;
- (13) positive goodwill recorded under the statutory purchase method of accounting:
 - (i) to the extent that it does not exceed 10% of the parent insurer's capital and surplus, as required to be shown on the statutory balance sheet, excluding any net positive goodwill, electronic data processing equipment, operating system software, and net deferred tax assets; and
 - (ii) amortized over a period of not more than 10 calendar years;
- (14) other assets that an insurer may list as admitted assets in the annual statement required under this article, unless specifically not admitted under § 5-102 of this subtitle; and
- (15) at values determined by the Commissioner, other assets:
 - (i) that are not inconsistent with this title; and

(ii) that the Commissioner considers available for the payment of losses and claims.

(b) In determining the financial condition of an insurer, the following items related to investments, securities, properties, or loans that the insurer owns shall be allowed as admitted assets:

(1) if it is not more than 90 days past due:

(i) interest that is due or accrued on a bond or evidence of indebtedness that is:

1. not in default; and
2. not valued on a basis that includes accrued interest;

(ii) declared and unpaid dividends on shares of stock, unless the amount of those dividends has otherwise been allowed as an asset;

(iii) interest that is due or accrued on deposits in solvent banks, solvent trust companies, or savings and loan associations insured by an instrumentality of the United States or of Canada; or

(iv) if the Commissioner considers that the interest is a collectible asset, interest that is due or accrued on other assets;

(2) interest that is due or accrued on a collateral loan:

(i) to the extent that the interest does not exceed 1 year's interest on the loan; and

(ii) to the extent that the unpaid balance of the loan plus accrued interest does not exceed the net value of the collateral that would be admitted, less estimated costs to obtain and sell the collateral;

(3) if the interest in its entirety is less than 180 days past due and has not accrued for more than 18 months, interest that is due or accrued on a mortgage loan, in an amount not more than any amount by which the value of the property, reduced by the amount of delinquent taxes and other costs to obtain and sell the property, exceeds the unpaid principal;

(4) rent that is due or accrued on real property if:

(i) the rent is not past due for more than 90 days; or

(ii) the payment is adequately secured by property held in the name of the tenant and conveyed to the insurer as collateral; and

(5) for a title insurer, title plants as provided in § 5-104 of this subtitle.

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