

## Article - Insurance

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§5–205.

(a) Except as provided in subsection (e) of this section, each insurer shall maintain unearned premium reserves on all policies in force with respect to:

- (1) insurance against loss or damage to property;
- (2) general casualty insurance; and
- (3) surety insurance.

(b) The Commissioner may require that, after deducting reinsurance ceded to solvent insurers in the manner provided in this article, the reserves equal the unearned parts of the gross premiums in force that are computed on each respective risk from the policy's date of issue.

(c) Reserves under this section shall be computed:

(1) at the option of the insurer, on a daily pro rata basis or a monthly pro rata basis if the insurance risk does not vary significantly during the contract period; or

(2) over the period of risk in proportion to the amount of insurance protection provided if the period of risk differs significantly from the contract period.

(d) After adopting a method for computing reserves, an insurer may change the method only with the approval of the Commissioner or the insurance supervisory official of the insurer's domicile.

(e) (1) A marine insurance premium on a trip risk not terminated is considered unearned.

(2) The Commissioner may require an insurer to carry reserves for unearned premiums equal to 100% on trip risks written during the month ended as of the date of the insurer's annual statement required by this article.

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