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§7–105.

(a) For purposes of this title, 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:

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

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

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

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

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

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

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

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

(9) the quality and liquidity of investments in and other transactions with affiliates;

(10) the adequacy of the reserves of the insurer;

(11) the quality of the earnings of the insurer and the extent to which the reported earnings include extraordinary items; and

(12) the recent past and projected future trends in the size and quality of the insurer's investment portfolio.

(b) The Commissioner may discount an investment or treat an investment under subsection (a)(9) of this section as a nonadmitted asset for purposes of determining the adequacy of surplus as regards policyholders whenever the investment so warrants.

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