
By: **Chairman, Economic Matters Committee (By Request - Departmental - Insurance Administration, Maryland)**

Introduced and read first time: February 2, 2004

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Impaired Insurers**

3 FOR the purpose of altering the definition of an impaired insurer as it applies to stock
4 insurers and mutual insurers, so as to provide that an impaired insurer is one
5 whose assets, less all liabilities and required reserves, do not equal or exceed the
6 minimum surplus requirements under the law for authority to engage in the
7 insurance business as a stock or mutual insurer; and generally relating to
8 impaired insurers.

9 BY repealing and reenacting, with amendments,

- 10 Article - Insurance
- 11 Section 9-201(h)
- 12 Annotated Code of Maryland
- 13 (2003 Replacement Volume)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article - Insurance**

17 9-201.

18 (h) "Impaired insurer" means:

19 (1) a stock insurer whose assets, [together with total issued and
20 outstanding capital stock and minimum surplus,] LESS ALL LIABILITIES AND
21 REQUIRED RESERVES, do not equal or exceed [all liabilities and required reserves]
22 THE CAPITAL STOCK AND SURPLUS REQUIRED FOR AUTHORITY TO ENGAGE IN
23 INSURANCE BUSINESS AS A STOCK INSURER;

24 (2) a mutual insurer, reciprocal insurer, DENTAL PLAN ORGANIZATION,
25 or nonprofit health service plan whose assets, [together with] LESS LIABILITIES AND
26 REQUIRED RESERVES, DO NOT EQUAL OR EXCEED the minimum surplus required
27 under this article for authority to engage in insurance business as a mutual insurer,

1 reciprocal insurer, DENTAL PLAN ORGANIZATION, or nonprofit health service [plan,
2 do not equal or exceed all liabilities and required reserves;] PLAN; or

3 (3) as determined by the Commissioner, an insurer that does not have
4 the financial ability to pay an obligation within 30 days after it becomes due.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 October 1, 2004.