

Article - Insurance

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§9–409.

(a) Members of the Corporation are subject to assessment as provided in this section.

(b) (1) To provide the funds necessary to carry out the powers and duties of the Corporation, the Board of Directors shall assess member insurers, separately for each account, at the times and for the amounts that the Board finds necessary.

(2) The Board shall give 30 days' written notice to a member insurer before payment of an assessment is due.

(3) The Board shall collect the assessments when due.

(c) There are two classes of assessments to be made for the following purposes:

(1) Class A assessments, to be used to meet administrative costs and other general expenses not related to a particular impaired insurer or insolvent insurer; and

(2) Class B assessments, to be used to carry out the powers and duties of the Corporation with respect to an impaired insurer or insolvent insurer.

(d) (1) (i) The Board shall determine the amount of a Class A assessment.

(ii) The Board may make a Class A assessment on a pro rata or nonpro rata basis.

(iii) If made on a pro rata basis, the Board may provide that the assessment be credited against future Class B assessments.

(iv) Except for assessments related to long-term care insurance, the amount of a Class B assessment shall be allocated for assessment purposes among the accounts according to an allocation formula that is based on:

1. the premiums or reserves of the impaired insurer or insolvent insurer; or

2. on another standard that the Board considers in its sole discretion to be fair and reasonable under the circumstances.

(2) (i) The amount of a Class B assessment for long-term care insurance written by the impaired insurer or insolvent insurer shall be allocated according to a methodology included in the plan of operation and approved by the Commissioner.

(ii) The methodology used to allocate the amount under subparagraph (i) of this paragraph shall provide for 50% of the assessment to be allocated to accident and health member insurers and 50% to be allocated to life and annuity member insurers.

(3) The Board shall make Class B assessments against member insurers for each account in the proportion that the amount of premiums received on business in the State by each assessed member insurer on policies or contracts covered by each account for the most recent calendar year for which information is available preceding the year in which the member insurer became impaired or insolvent, bears to the amount of premiums received on business in the State for those calendar years by all assessed member insurers.

(4) The Board may assess member insurers on a nonpro rata basis without regard to paragraph (3) of this subsection if the amount of a Class B assessment representing the aggregate liability of the Corporation for a single impairment or insolvency is not greater than the Class A assessment in the same calendar year against authorized insurers in the same line of business as the liability for the impaired insurer or insolvent insurer.

(5) (i) The Board may not make assessments for funds to meet the requirements of the Corporation with respect to an impaired insurer or insolvent insurer until necessary to carry out the purposes of this subtitle.

(ii) Because exact determinations may not always be possible, the Board shall make classifications of assessments and computation of assessments under this subsection with a reasonable degree of accuracy.

(e) (1) If, in the opinion of the Board, payment of an assessment would endanger the ability of a member insurer to meet its contractual obligations, the Corporation may abate or defer, wholly or partly, the assessment of the member insurer.

(2) If an assessment against a member insurer is wholly or partly abated or deferred, the amount by which the assessment is abated or deferred shall

be assessed against the other member insurers in a manner consistent with the basis for assessments set forth in this section.

(f) (1) In a calendar year, the total of all assessments against a member insurer for each account may not exceed 2% of the member insurer's premiums in the State on policies covered by the account.

(2) If an assessment against a member insurer is reduced because of paragraph (1) of this subsection, the Board shall assess the amount of the reduction against the other member insurers in a manner consistent with the basis for assessments set forth in this section.

(3) If the maximum assessments in a calendar year against all member insurers plus the other assets of the Corporation in any account are insufficient to provide in the account the amount necessary to carry out the responsibilities of the Corporation, the Board shall make additional assessments as necessary against member insurers as soon as allowed by this subtitle.

(g) (1) If approved by the Commissioner, the Board may refund to member insurers, by an equitable method set by the plan of operation, in proportion to the contribution of each member insurer to that account, the amount by which the assets of the account exceed the amount that the Board finds necessary to carry out the obligations of the Corporation during the coming year.

(2) For the purpose of this subsection, assets include assets accruing from net realized gains and income from investments.

(3) If refunds are impracticable, the Board may retain a reasonable amount in an account for the continuing expenses of the Corporation and for future losses.

(h) In determining premium rates and policy owner dividends for any kind of insurance or health maintenance organization business within the scope of this subtitle, a member insurer may consider the amount reasonably necessary to meet its assessment obligations under this subtitle.

(i) (1) The Corporation shall issue to each member insurer that pays an assessment under this subtitle a certificate of contribution for the amount of the assessment.

(2) The certificate of contribution shall be in the form that the Commissioner requires.

(3) All outstanding certificates of contribution are of equal dignity and priority without reference to amounts or dates of issue.

(4) The member insurer may show a certificate of contribution in the member insurer's financial statement as an asset in the form and for the amount, if any, and the period of time that the Commissioner approves.

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