

355.

(b) *Requisites to issuance.*—The Insurance Commissioner shall issue a certificate of authority or license to each applicant upon the payment of the fees provided for by Section 41 of this article and upon being satisfied:

(1) That the applicant has been organized bona fide for the purpose of establishing, maintaining and operating a nonprofit health service plan;

(2) That each contract executed, or proposed to be executed, by the applicant and any hospital, physician, chiropodist, pharmacist, dentist or optometrist, for the furnishing of hospital, medical, chiropodial, pharmaceutical, dental or optometric service to the subscribers to the health service plan, obligates, or will when executed, obligate each hospital, physician, chiropodist, pharmacist, dentist or optometrist party thereto to render the service to which each subscriber may be entitled under the terms and conditions of the various contracts issued, or proposed to be issued, by the applicant to subscribers to the plan, and that each subscriber shall be entitled to reimbursement for any such chiropodial or optometric service, whether the said service is performed by a doctor of medicine, duly licensed chiropodist, or duly licensed optometrist.

(3) That each contract issued, or proposed to be issued, to subscribers to the plan is in a form approved by the Insurance Commissioner, and that the rates charged, or proposed to be charged, for each form of such contract are fair and reasonable;

(4) That no contributions to the funds of the corporation for working capital are repayable by the corporation except out of the earned premiums over and above operating expenses, payments to participating hospitals, physicians, chiropodists, pharmacists, dentists, or optometrists and such reserve as the Insurance Commissioner may deem adequate;

(5) That the amount of money actually received by the applicant upon the term specified in paragraph (4) hereof for working capital is sufficient to carry all acquisition costs and operating expenses for a period of at least three months from the date of the issuance of the certificate of authority or license, but in no case to be less than ten thousand dollars (\$10,000), provided, however, that any corporation seeking an initial certificate of authority under this subtitle after July 1, 1969, shall have working capital of at least \$100,000.

(6) *That the corporation shall maintain a minimum reserve equal to at least ~~5%~~ 3% of the subscription charges earned during the prior calendar year as shown on the annual statement filed in the office of the Commissioner. Any corporation now operating under this section shall have until December 31, 1973, to comply with 50% of this requirement and until December 31, 1974, to comply with the balance of such requirement.*

SEC. 2. *And be it further enacted, That this Act shall take effect July 1, 1971. JANUARY 1, 1972.*

Approved May 17, 1971.