

5-205. UNEARNED PREMIUM RESERVES FOR PROPERTY, GENERAL CASUALTY, AND SURETY INSURANCE.

(A) REQUIRED.

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) AMOUNT OF RESERVES.

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) BASIS FOR COMPUTING RESERVES.

RESERVES UNDER THIS SECTION MAY BE COMPUTED, AT THE OPTION OF THE INSURER, ON A YEARLY OR MORE FREQUENT PRO RATA BASIS.

(D) CHANGE OF COMPUTING METHOD.

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) MARINE INSURANCE PREMIUMS ON TRIP RISKS.

(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.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 78.

In subsection (e)(2) of this section, the reference to "the insurer's annual statement required by this article" is substituted for the former reference to the "statement" for clarity.

Defined terms: "Casualty insurance" § 1-101

"Commissioner" § 1-101

"Insurance" § 1-101

"Insurer" § 1-101