

SECTION 1. *Be it enacted by the General Assembly of Maryland, That Section 114 of Article 48A of the Annotated Code of Maryland (1935 Supplement), title "Insurance", sub-title "Mutual Insurance Companies", be and it is hereby repealed and re-enacted with amendments to read as follows:*

114. Requirements Prior to Doing Business. No corporation organized under this sub-title shall issue policies or transact any business of insurance unless it shall comply with the conditions following, nor until the Insurance Commissioner has, by formal license, authorized it to do so, and such license shall not issue until the corporation shall have complied with the following conditions:

(a) It shall hold bona fide applications for insurance upon which it shall issue simultaneously, or it shall have in force, at least twenty policies to at least twenty members for the same kind of insurance, upon not less than two hundred separate risks, each within the maximum single risk described herein.

(b) For the purpose of transacting employer's liability and workmen's compensation insurance, the application shall cover not less than two thousand employees, each such employee being considered a separate risk for determining the maximum single risk.

(c) The "maximum single risk" shall not exceed twenty per cent of the admitted assets, or three times the average risk, or one per cent of the insurance in force, whichever is the greatest, any re-insurance taking effect simultaneously with the policy being deducted in determining such maximum single risk.

(d) It shall have collected an annual cash premium upon each application required for organization, the total of which premiums shall be held in cash or in securities in which insurance companies are authorized to invest, and the total assets shall (1) in case of companies writing fire, marine, sprinkler leakage or other water damage, lightning, hail, windstorm, smoke or smudge damage, automobile fire, theft or property damage, burglary, theft or inland marine insurance, either singly or any or all of said classes of insurance combined, be equal to not less than twice the maximum single risk assumed subject to one fire or to one loss, nor less than ten thousand dollars (\$10,000); and (2) in case of companies writing fidelity or surety bonds, or workmen's compensation, or automobile or public liability insurance, be equal to not less than five times the maximum single risk assumed, nor less than one hundred and fifty thousand dollars (\$150,000), and exceed the amount required for legal reserves and all other liabilities by not less than fifty thousand dollars (\$50,000);