dividends on policies of FIRE, CASUALTY OR SURETY stock companies and providing the manner and conditions of the declaration and payment of such dividends.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That a new section be added to Article 48A of the Annotated Code of Maryland (1947 Cumulative Supplement), title "Insurance", sub-title "General Provisions", said new section to be known as Section 51A, to follow immediately after Section 51 thereof, and to read as follows:

51A. (Dividends on Policies.) From time to time the directors of any FIRE, CASUALTY OR SURETY *stock company may by vote fix and determine dividends to be paid to policyholders on participating policies from the earned surplus of such company, and when declared shall establish an adequate reserve from which such dividends are to be paid. No such dividend shall be declared or paid if by the payment thereof the minimum surplus or other required surplus of such company will be impaired. In declaring or paying any such dividend the board of directors of such company may make reasonable classifications of policies, and policies in the same classification shall be treated without unfair discrimination. If any such company shall offer an alternative method or plan for dividend classification, the policy shall contain an endorsement setting forth the class to which it is assigned. Each such company shall establish a procedure which makes reasonable provision for notice to the policyholder respecting dividends declared and payable under his policy.*

SEC. 2. *And be it further enacted,* That this Act shall take effect June 1, 1951.

Approved April 30, 1951.

CHAPTER 649

(House Bill 542)

AN ACT to repeal and re-enact, with amendments, Section 163 (Dividends on Policies) of Article 48A of the Annotated Code of Maryland (1939 Edition), title "Insurance",

EXPLANATION: *Italics indicate new matter added to existing law.*
[Brackets] indicate matter stricken from existing law.
CAPITALS indicate amendments to bill.
~~Strike out~~ indicates matter stricken out of bill.