

CHAPTER 482

(House Bill 84)

AN ACT to add a new Section 86A to Article 48A of the Annotated Code of Maryland (1957 Edition), title "Insurance", sub-title "General Provisions", to follow immediately after Section 86 thereof, providing for the limiting of the maximum single risk which may be assumed by a stock insurance company, a mutual insurance company, a Reciprocal Exchange or Inter-Insurer, and/or a Lloyd's Association; AND PROVIDING A TEMPORARY EXCEPTION FROM THE PROVISIONS OF THIS ACT FOR CERTAIN INSURANCE COMPANIES LICENSED AS OF JANUARY 1, 1961.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That a new Section 86A be and it is hereby added to Article 48A of the Annotated Code of Maryland (1957 Edition), title "Insurance", sub-title "General Provisions", to follow immediately after Section 86 thereof and to read as follows:

86A. *Limitation of risk.*

(a) *Limitation of risk in general.*

(1) *No stock insurance company, mutual insurance company, Reciprocal Exchange or Inter-Insurer, and/or a Lloyd's Association doing business in this state, shall expose itself to any loss on any one risk in an amount exceeding ten per cent of its surplus to policyholders; except mutual insurance companies and Reciprocal Exchanges or Inter-Insurers which write insurance on an assessable basis as to which the limitation imposed by Section 234 (c) of this Article shall apply.*

(2) *Any risk or portion of any risk which shall have been reinsured in an assuming insurer which (1) is licensed to do such business in this state or (2) is licensed to do such business in any state of the United States and has not been disapproved therefor by written order of the Commissioner filed in his office, shall be deducted in determining the limitation of risk prescribed in this section.*

(3) *This section shall not apply to the insurance of marine risks, or marine protection and indemnity risks, or workmen's compensation or employer's liability risks, or to certificates of title or guaranties of title or policies of title insurance, or to life insurance, accident and health insurance, or annuity contracts.*

(4) *For the purpose of determining the limitation of risk under any provision of this section, "surplus to policyholders" shall (a) be deemed to include any voluntary reserves, or any part thereof, which are not required by or pursuant to law, and (b) be determined from the last sworn statement of such insurer on file with the Commissioner pursuant to law, or by the last report of examination filed by the Commissioner, whichever is more recent at the time of assumption of such risk.*

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.