

poration and the laws of its domicile, but subject to the requirements of this article with respect to the issuance of nonassessable policies. No foreign or alien mutual insurer may issue assessable policies in Maryland if it issues nonassessable policies in any other jurisdiction.

(c) No policy of a domestic mutual insurer which, pursuant to the Commissioner's order, is without contingent liability and thereby nonassessable by its terms shall be subject to assessment for any debt or liability of the insurer.

263. Nonassessable Policies, Revocation of Authority.

The Commissioner shall revoke the authority of a domestic mutual insurer to issue policies without contingent liability if at any time the insurer's assets are less than the sum of its liabilities and the surplus required for such authority, or if the insurer, by resolution of its board of directors approved by a majority of its members, requests that the authority be revoked. During the absence of such authority the insurer shall not issue any policy without providing therein for the contingent liability of the policyholder, nor renew any policy which is renewable at the option of the insurer without endorsing the same to provide for such liability.

264. Participating Policies.

Any domestic stock or domestic mutual insurer may issue any or all of its policies with or without participation in profits, savings or unabsorbed portions of premiums, may classify policies issued on a participating and nonparticipating basis, and may determine the right to participate and the extent of participation of any class or classes of policies. Any such classification or determination shall be reasonable, and shall not unfairly discriminate as between policyholders within the same such classifications. A life insurer may issue both participating and nonparticipating policies only if the right or absence of right to participate is reasonably related to the premium charged.

265. Dividends to Mutual Policyholders.

(a) The directors of a domestic mutual insurer may from time to time apportion and pay or credit to its members dividends only out of that part of its surplus funds which represents net realized savings and net realized earnings in excess of the surplus required by law to be maintained.

(b) A dividend otherwise proper may be payable out of such savings and earnings even though the insurer's total surplus is then less than the aggregate of its contributed surplus.

266. Loaned Surplus.

Any director, officer or member of any stock or mutual insurer, or any other person, may loan or advance to such insurer any sum or sums of money necessary for the purposes of its business, or to enable it to comply with any surplus requirements, or any other requirements of the law, and such moneys, and such interest thereon as may have been agreed upon, not exceeding six per cent per annum, shall be payable only out of the surplus remaining after