

CHAPTER 478

(Senate Bill 246)

AN ACT to repeal and re-enact, with amendments, Section 253 of Article 48A of the Annotated Code of Maryland (1964 Replacement Volume), title "Insurance Code", sub-title "17. Stock and Mutual Insurers", to clarify language relating to investment of premiums, to set new requirements for minimum assets and for excess over liabilities and reserves, and to delete provisions concerning an alternate method of compliance and deposit requirements.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That Section 253 of Article 48A of the Annotated Code of Maryland (1964 Replacement Volume), title "Insurance Code", sub-title "17. Stock and Mutual Insurers", be and it is hereby repealed and re-enacted, with amendments, to read as follows:

253.

(a) A mutual insurer which proposes to or is writing assessable policies must comply with all the requirements of this article except that the financial requirements of this section shall apply in lieu of Sections 48, 49, 50 and 72.

(b) Such an insurer 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.

(c) For the purpose of transacting workmen's compensation and employer's liability 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.

(d) 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 authorized reinsurance taking effect simultaneously with the policy being deducted in determining such maximum single risk.

(e) Such an insurer shall have collected an annual cash premium, or a full premium for the term for which the policy is written, if for less than a year, upon each application required for organization, the total of which premiums shall be held in cash or [authorized capital and reserve investments] *in investments authorized for capital and reserve under sub-title 7*, and the total assets, excluding any borrowed money or other borrowed assets, other than borrowed surplus under Section 266, shall, *for all the kinds of insurance business specified in Section 48 of sub-title 3 of this Article*, [(1) in case of insurers writing fire, marine, sprinkler leakage or other water damage, lightning, hail, windstorm, smoke or smudge damage, automobile, fire, theft of 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 twenty-five thousand dollars (\$25,000); or (2) in case of insurers writing surety, workmen's