

Insurance Commissioner - Reserves

FOR the purpose of empowering the Insurance Commissioner in a certain instance to order any corporation operating a nonprofit health service plan to submit a plan for distribution of surplus capital reserves; empowering the Commissioner in a certain instance to compile a plan and compel the corporation to implement it; providing for the amount of reserves to be considered reasonable; and deleting certain obsolete language.

BY repealing and reenacting, with amendments,

Article 48A - Insurance Code
Section 355(b) (6)
Annotated Code of Maryland
(1972 Replacement Volume and 1978 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows:

Article 48A - Insurance Code

355.

(b) The Insurance Commissioner shall issue a certificate of authority or license to each applicant upon the payment of the fees provided for by § 41 of this article and upon being satisfied:

(6) That the corporation shall maintain a minimum reserve equal to at least 3% of the subscription charges earned during the prior calendar year as shown on the annual statement filed in the office of the Commissioner. [Any corporation now operating under this section shall have until December 31, 1973, to comply with 50% of this requirement and until December 31, 1974, to comply with the balance of such requirement.] IF THE COMMISSIONER DETERMINES AFTER A HEARING THAT THE RESERVES ARE EXCESSIVE IN AMOUNT, HE MAY ORDER THE CORPORATION TO SUBMIT A PLAN FOR DISTRIBUTION OF THE EXCESS IN A FAIR AND EQUITABLE METHOD HE DEEMS FAIR AND EQUITABLE, OR IN THE EVENT THE CORPORATION FAILS TO SUBMIT SUCH A PLAN WITHIN ~~30~~ 60 DAYS, HE MAY COMPILE A PLAN AND ORDER THE CORPORATION TO IMPLEMENT IT. RESERVES EQUAL TO 2 MONTHS OF THE NONPROFIT HEALTH SERVICE PLAN'S PRIOR CALENDAR YEAR'S CLAIMS AND OPERATING EXPENSES SHALL BE CONSIDERED REASONABLE PROVIDED THEY ARE IN EXCESS OF MINIMUM RESERVE REQUIREMENTS.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1979.

Approved May 29, 1979.