

excess reserves to certain specified subscribers to the plan; and altering the standard for reasonable reserves.

BY repealing and reenacting, with amendments,

Article 48A - Insurance Code
Section 355(b)(66)
Annotated Code of Maryland
(1979 Replacement Volume and 1981 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland read(s) 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] REASONABLE 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]. 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, or in the event the corporation fails to submit such a plan within 60 days, he may compile a plan and order the corporation to implement it. THE DISTRIBUTION SHALL BE MADE ONLY TO SUBSCRIBERS WHO ARE COVERED BY THE CORPORATION AT THE TIME DISTRIBUTION IS MADE. 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, 1982.

Approved June 1, 1982.

CHAPTER 559

(Senate Bill 851)