

WILLIAM DONALD SCHAEFER, Governor

in accordance with policy limitations, exclusions, conditions, deductibles, and loss sharing requirements.

553.

(a) A rate Stabilization Reserve Fund is established to be entered as a liability of the Society and its subsidiaries along with other premium and loss reserves. The Fund shall be administered and valued annually by three directors of the Society and one director from each of its subsidiaries, together with the Commissioner of Insurance or his deputy.

(b) Each policyholder of the Society and its subsidiaries shall pay a Stabilization Reserve Fund charge. The directors of the Society and its subsidiaries shall determine the amount of the Stabilization Reserve Fund charge. This charge shall be separately stated in the policy. The Society and its subsidiaries shall cancel the policy of any policyholder who fails to pay the Stabilization Reserve Fund charge.

(c) Collection of the Stabilization Reserve Fund charge shall continue until such time as the net balance of the Stabilization Reserve Fund is not less than the projected sum of premiums to be written in the year following the valuation date. The Fund shall be credited with all reserve fund charges collected from policyholders and, in any year the Society or its subsidiaries sustains an operating loss, be charged with the loss.

(d) Each policyholder shall be subject to assessment as provided in §§ 6-509, 6-510 and 6-511 of the Corporations and Associations Article, except that:

(1) The amount of all assessments may not exceed a full year's premium calculated as of the policy anniversary next preceding the time of assessment.

(2) The amount specified in paragraph (1) shall be further reduced in the proportion that the percentage of the net balance of the Stabilization Reserve Fund at the time of assessment bears to \$5,000,000.

(3) Upon the Commissioner's approval, the assessable liability of the policyholders not in excess of 5% of one year's annual premium may be extinguished.

(e) Notwithstanding provisions of subsection (d) of this section, the Society and its subsidiaries may issue nonassessable policies subject to the provisions of Sections 262 and 263, and all other applicable provisions of this article and the Corporations and Associations Article when the Society and its subsidiaries meet all applicable requirements of this article