

A DOMESTIC SOCIETY MAY NOT REINSURE SUBSTANTIALLY ALL OF ITS INSURANCE IN FORCE WITHOUT THE WRITTEN PERMISSION OF THE COMMISSIONER.

(C) CREDIT AS ADMITTED ASSET OR DEDUCTION FROM LIABILITY.

(1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A CEDING DOMESTIC SOCIETY MAY TAKE CREDIT FOR THE RESERVES ON RISKS CEDED UNDER THIS SECTION TO THE EXTENT REINSURED.

(2) A CEDING DOMESTIC SOCIETY MAY NOT BE ALLOWED CREDIT, AS AN ADMITTED ASSET OR AS A DEDUCTION FROM LIABILITY, FOR REINSURANCE MADE, CEDED, RENEWED, OR THAT OTHERWISE BECAME EFFECTIVE AFTER DECEMBER 31, 1963, UNLESS THE REINSURANCE IS PAYABLE BY THE ASSUMING INSURER ON THE BASIS OF THE LIABILITY OF THE CEDING SOCIETY UNDER THE CONTRACTS REINSURED WITHOUT DIMINUTION BECAUSE OF THE INSOLVENCY OF THE CEDING SOCIETY.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 335.

In subsection (a)(3) of this section, the word "insurance" is added to modify the reference to doing "business" for clarity. The Insurance Article Review Committee decided that the intent did not seem to be to allow a society to cede risk to an insurer authorized to do any business, but to cede risk to an insurer that is authorized to do insurance business. The Insurance Article Review Committee calls this addition to the attention of the General Assembly.

In subsection (c)(1) of this section, the introductory phrase "[e]xcept as provided in paragraph (2) of this subsection" is added to clarify that the general authority to take credit for reserves is qualified by paragraph (2) of this subsection.

Defined terms: "Commissioner" § 1-101

"Insurance" § 1-101

"Insurance business" § 1-101

"Insurer" § 1-101

"Reinsurance" § 1-101

"Society" § 8-401

8-442. ASSETS; SPECIAL FUNDS; PAYMENTS AVAILABLE FOR EXPENSES.

(A) ASSETS.

(1) ALL ASSETS OF A SOCIETY SHALL BE HELD, INVESTED, AND DISBURSED FOR THE USE AND BENEFIT OF THE SOCIETY.

(2) A SOCIETY MEMBER OR BENEFICIARY OF A MEMBER DOES NOT HAVE AND MAY NOT ACQUIRE INDIVIDUAL RIGHTS IN THE ASSETS OF THE SOCIETY AND IS NOT ENTITLED TO ANY APPORTIONMENT OR THE SURRENDER OF ANY PART OF THE ASSETS EXCEPT AS PROVIDED IN THE INSURANCE CONTRACT.