

comparing actual operations in that state to the 3-year business plan submitted to the Commissioner with the application for admission filed in that state.]

[SECTION 5. AND BE IT FURTHER ENACTED, That this Act may not be construed to allow an insurance subsidiary of the Society to discount reserves without following the requirements of Article 48A, § 80 of the Code.]

[SECTION 6. AND BE IT FURTHER ENACTED, That the Society may not directly or indirectly capitalize, transfer moneys to, or purchase stock in any insurance subsidiary beyond the \$3,250,000 used prior to December 31, 1989 to capitalize the insurance subsidiaries by the Society, without the prior approval of the Society's Board of Directors, including the prior approval of at least 80% of the physician members of the Society's Board of Directors.]

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article 48A - Insurance Code

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)](A) 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].