

(2) SERVE NOTICE ON THE INSURER TO CURE THE DEFICIENCY WITHIN 60 DAYS AFTER SERVICE OF THE NOTICE.

(B) METHODS OF CURING DEFICIENCY.

AN INSURER MAY CURE THE DEFICIENCY:

(1) IN CASH OR IN ASSETS ELIGIBLE FOR THE INVESTMENT OF THE INSURER'S FUNDS UNDER TITLE 5, SUBTITLE 5 OR SUBTITLE 6 OF THIS ARTICLE;

(2) IF A STOCK INSURER, BY REDUCING ITS CAPITAL TO AN AMOUNT NOT BELOW THE MINIMUM REQUIRED FOR THE KINDS OF INSURANCE THAT THE STOCK INSURER WILL TRANSACT; OR

(3) IF A MUTUAL INSURER, BY AMENDING ITS CERTIFICATE OF AUTHORITY TO COVER ONLY THE KINDS OF INSURANCE FOR WHICH THE MUTUAL INSURER HAS SUFFICIENT SURPLUS UNDER THIS ARTICLE.

(C) INSOLVENCY; DELINQUENCY PROCEEDINGS.

(1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, IF AN INSURER DOES NOT CURE THE DEFICIENCY AND FILE PROOF THAT IT HAS DONE SO WITH THE COMMISSIONER WITHIN THE 60-DAY PERIOD:

(I) THE INSURER IS CONSIDERED INSOLVENT; AND

(II) THE COMMISSIONER SHALL INSTITUTE DELINQUENCY PROCEEDINGS AGAINST THE INSURER UNDER TITLE 9, SUBTITLE 2 OF THIS ARTICLE.

(2) IF THE DEFICIENCY EXISTS BECAUSE THE COMMISSIONER REQUIRED INCREASED LOSS RESERVES, DISALLOWED CERTAIN ASSETS, OR REDUCED THE VALUE AT WHICH CERTAIN ASSETS ARE CARRIED IN THE INSURER'S ACCOUNTS, THE COMMISSIONER, ON APPLICATION AND GOOD CAUSE SHOWN, MAY EXTEND FOR NOT MORE THAN AN ADDITIONAL 60 DAYS THE PERIOD WITHIN WHICH THE INSURER MAY CURE THE DEFICIENCY AND FILE PROOF THAT IT HAS DONE SO.

(D) DIRECTORS' LIABILITY FOR LOSSES.

THE DIRECTORS OF AN INSURER ARE INDIVIDUALLY LIABLE FOR LOSSES INCURRED UNDER POLICIES THAT ARE ISSUED BY THE INSURER:

(1) AFTER EXPIRATION OF THE PERIOD PROVIDED FOR CURING A DEFICIENCY OF THE INSURER'S CAPITAL STOCK OR SURPLUS; AND

(2) BEFORE THE DEFICIENCY IS CURED.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, §§ 256 and 268.

In the introductory language of subsection (a) of this section, the former cross-reference to Art. 48A, § 255 is deleted because that section did not cover surplus of an insurer.