

THE DIRECTORS OF A DOMESTIC MUTUAL INSURER SHALL ASSESS ITS MEMBERS WHO, AT ANY TIME DURING THE 36 MONTHS BEFORE THE NOTICE OF ASSESSMENT IS MAILED TO THEM UNDER § 3-112(B) OF THIS SUBTITLE, HELD POLICIES PROVIDING FOR CONTINGENT LIABILITY, IF:

(1) THE ASSETS OF THE DOMESTIC MUTUAL INSURER AT ANY TIME ARE LESS THAN ITS LIABILITIES PLUS THE MINIMUM SURPLUS REQUIRED TO BE MAINTAINED TO TRANSACT THE KIND OF INSURANCE BEING TRANSACTED BY THE DOMESTIC MUTUAL INSURER; AND

(2) THE DEFICIENCY IS NOT BEING CURED FROM OTHER SOURCES.

(B) LIABILITY OF MEMBERS.

MEMBERS ASSESSED UNDER THIS SECTION ARE LIABLE TO THE DOMESTIC MUTUAL INSURER FOR THE AMOUNT ASSESSED.

(C) AMOUNT OF ASSESSMENTS.

(1) THE TOTAL OF ASSESSMENTS SHALL BE SUFFICIENT TO:

(I) CURE THE DEFICIENCY; AND

(II) PROVIDE REASONABLE WORKING FUNDS ABOVE THE MINIMUM SURPLUS, NOT EXCEEDING 5% OF THE DOMESTIC MUTUAL INSURER'S LIABILITIES ON THE DATE THAT THE DEFICIENCY WAS DETERMINED.

(2) A MEMBER'S ASSESSMENT MAY NOT EXCEED THE LESSER OF:

(I) ONE POLICY PREMIUM; OR

(II) THE PREMIUM FOR A FULL YEAR.

(D) COMPUTATION OF ASSESSMENT PER MEMBER.

THE ASSESSMENT ON A POLICY WITH CONTINGENT LIABILITY SHALL BE COMPUTED BASED ON THE PREMIUMS EARNED ON THE POLICY DURING THE PERIOD TO WHICH THE ASSESSMENT RELATES.

(E) OFFSETS NOT ALLOWED.

A MEMBER MAY NOT HAVE AN OFFSET AGAINST AN ASSESSMENT FOR WHICH THE MEMBER IS LIABLE BECAUSE OF A CLAIM FOR AN UNEARNED PREMIUM OR LOSS PAYABLE.

REVISOR'S NOTE: This section is new language derived without substantive change from former CA § 6-510.

In subsections (a)(1), (b), and (c)(1)(ii) of this section, the term "domestic mutual insurer" is substituted for the former term "insurer" to clarify that this section applies to domestic mutual insurers.