

3-113. ISSUANCE OF NONASSESSABLE POLICIES.

(A) DOMESTIC MUTUAL INSURERS.

IF A DOMESTIC MUTUAL INSURER HAS SURPLUS FUNDS AT LEAST EQUAL TO THE PAID-IN CAPITAL STOCK AND SURPLUS REQUIRED OF A DOMESTIC STOCK INSURER THAT TRANSACTS LIKE KINDS OF INSURANCE BUSINESS, THE DOMESTIC MUTUAL INSURER, ON RECEIPT OF AN ORDER OF THE COMMISSIONER AUTHORIZING IT TO DO SO, MAY EXTINGUISH THE CONTINGENT LIABILITY OF ITS MEMBERS AS TO ALL ITS POLICIES IN FORCE AND MAY ISSUE NONASSESSABLE POLICIES.

(B) FOREIGN OR ALIEN MUTUAL INSURERS.

SUBJECT TO THE REQUIREMENTS OF THIS ARTICLE FOR ISSUING NONASSESSABLE POLICIES, A FOREIGN OR ALIEN MUTUAL INSURER MAY ISSUE NONASSESSABLE POLICIES TO ITS MEMBERS IN THE STATE UNDER ITS ARTICLES OF INCORPORATION AND THE LAWS OF ITS DOMICILE.

(C) ISSUANCE OF ASSESSABLE POLICIES PROHIBITED.

A MUTUAL INSURER MAY NOT ISSUE ASSESSABLE POLICIES IN THE STATE IF THE MUTUAL INSURER ISSUES NONASSESSABLE POLICIES IN THE STATE OR ANOTHER JURISDICTION.

(D) NONASSESSABLE POLICIES NOT SUBJECT TO ASSESSMENT.

A POLICY OF A DOMESTIC MUTUAL INSURER THAT, UNDER AN ORDER OF THE COMMISSIONER, IS WITHOUT CONTINGENT LIABILITY AND THEREFORE IS NONASSESSABLE BY ITS TERMS IS NOT SUBJECT TO ASSESSMENT FOR A DEBT OR LIABILITY OF THE DOMESTIC MUTUAL INSURER.

(E) REVOCATION OF AUTHORITY TO ISSUE NONASSESSABLE POLICIES.

THE COMMISSIONER SHALL REVOKE THE AUTHORITY OF A MUTUAL INSURER TO ISSUE NONASSESSABLE POLICIES IF:

(1) THE ASSETS OF THE MUTUAL INSURER AT ANY TIME ARE LESS THAN THE SUM OF ITS LIABILITIES AND THE SURPLUS REQUIRED FOR THAT AUTHORITY; OR

(2) THE MUTUAL INSURER, BY RESOLUTION OF ITS BOARD OF DIRECTORS APPROVED BY A MAJORITY OF ITS MEMBERS, REQUESTS THAT THE AUTHORITY BE REVOKED.

(F) EFFECT OF REVOCATION.

AFTER REVOCATION OF A MUTUAL INSURER'S AUTHORITY TO ISSUE NONASSESSABLE POLICIES, THE MUTUAL INSURER MAY NOT:

(1) ISSUE A NONASSESSABLE POLICY; OR