

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 131A.

The former law defined "insurer" as an "authorized insurer, including a nonprofit health service plan and a health maintenance organization". This former definition served to delineate the scope of this subtitle. Throughout this subtitle, therefore, the term "authorized insurer" is substituted for the former term "insurer" to avoid confusion and to clarify that this subtitle extends only to insurers to whom the Commissioner has issued a certificate of authority. Because nonprofit health service plans and health maintenance organizations are not included in the general definition of "insurer" for this article, these entities are mentioned specifically as being subject to the provisions of this subtitle that apply to authorized insurers. The Insurance Article Review Committee notes these changes for the consideration of the General Assembly. No substantive change is intended.

Defined term: "Authorized insurer" § 1-101

9-102. DETERMINATION OF FINANCIALLY HAZARDOUS CONDITION.

(A) GENERAL OPERATION.

IN DETERMINING WHETHER THE CONTINUED OPERATION OF AN AUTHORIZED INSURER ENGAGING IN INSURANCE BUSINESS IN THE STATE WOULD BE HAZARDOUS TO POLICYHOLDERS OR CREDITORS OF THE AUTHORIZED INSURER OR THE GENERAL PUBLIC, THE COMMISSIONER MAY CONSIDER:

(1) ADVERSE FINDINGS REPORTED IN FINANCIAL CONDITION AND MARKET CONDUCT EXAMINATION REPORTS;

(2) THE INSURANCE REGULATORY INFORMATION SYSTEM AND RELATED REPORTS OF THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS;

(3) THE RATIOS OF BENEFITS UNDER POLICIES, RESERVE INCREASES, COMMISSION EXPENSE, AND GENERAL INSURANCE EXPENSE, AS TO ANNUAL PREMIUM AND NET INVESTMENT INCOME AND WHETHER ANY OF THOSE RATIOS COULD LEAD TO AN IMPAIRMENT OF CAPITAL AND SURPLUS;

(4) WHETHER THE ASSET PORTFOLIO OF THE AUTHORIZED INSURER, WHEN VIEWED IN LIGHT OF CURRENT ECONOMIC CONDITIONS, HAS SUFFICIENT VALUE, LIQUIDITY, OR DIVERSITY TO ENSURE THE ABILITY OF THE AUTHORIZED INSURER TO MEET ITS OUTSTANDING OBLIGATIONS AS THEY MATURE;

(5) THE ABILITY OF AN ASSUMING REINSURER TO PERFORM, INCLUDING WHETHER THE REINSURANCE PROGRAM OF THE AUTHORIZED INSURER PROVIDES SUFFICIENT PROTECTION FOR ITS REMAINING SURPLUS, AFTER TAKING INTO ACCOUNT THE CASH FLOW OF THE AUTHORIZED INSURER AND CLASSES OF BUSINESS WRITTEN BY THE AUTHORIZED INSURER AND THE FINANCIAL CONDITION OF THE ASSUMING REINSURER;