

(1) EXTINGUISH THE CONTINGENT LIABILITY OF SUBSCRIBERS UNDER ITS POLICIES THEN IN FORCE IN THE STATE; AND

(2) OMIT PROVISIONS THAT IMPOSE CONTINGENT LIABILITY IN ALL POLICIES DELIVERED OR ISSUED FOR DELIVERY IN THE STATE AS LONG AS THE SURPLUS REMAINS UNIMPAIRED.

(B) LIMITATION ON DOMESTIC RECIPROCAL INSURERS.

(1) THE COMMISSIONER MAY NOT AUTHORIZE A DOMESTIC RECIPROCAL INSURER TO EXTINGUISH THE CONTINGENT LIABILITY OF ANY OF ITS SUBSCRIBERS OR IN ANY OF ITS POLICIES TO BE ISSUED UNLESS THE RECIPROCAL INSURER QUALIFIES TO EXTINGUISH AND DOES EXTINGUISH THE CONTINGENT LIABILITY OF ALL OF ITS SUBSCRIBERS AND IN ALL OF ITS POLICIES FOR ALL KINDS OF INSURANCE THAT THE RECIPROCAL INSURER TRANSACTS.

(2) NOTWITHSTANDING PARAGRAPH (1) OF THIS SUBSECTION, IF REQUIRED BY THE LAWS OF ANOTHER STATE IN WHICH THE DOMESTIC RECIPROCAL INSURER IS AUTHORIZED TO TRANSACT INSURANCE, THE DOMESTIC RECIPROCAL INSURER:

(I) MAY ISSUE POLICIES THAT PROVIDE FOR THE CONTINGENT LIABILITY OF ITS SUBSCRIBERS WHO ACQUIRE POLICIES IN THAT STATE; AND

(II) NEED NOT EXTINGUISH THE CONTINGENT LIABILITY APPLICABLE TO POLICIES THEN IN FORCE IN THAT STATE.

(C) REVOCATION OF AUTHORITY TO ISSUE NONASSESSABLE POLICIES.

(1) IF THE SURPLUS DESCRIBED IN SUBSECTION (A) OF THIS SECTION BECOMES IMPAIRED, THE COMMISSIONER IMMEDIATELY SHALL REVOKE THE CERTIFICATE THAT AUTHORIZES THE RECIPROCAL INSURER TO ISSUE NONASSESSABLE POLICIES.

(2) THE REVOCATION DOES NOT SUBJECT A POLICY THEN IN FORCE TO CONTINGENT LIABILITY FOR THE REMAINDER OF THE PERIOD FOR WHICH THE PREMIUM HAS BEEN PAID.

(3) AFTER REVOCATION OF AUTHORITY TO ISSUE NONASSESSABLE POLICIES, A RECIPROCAL INSURER MAY NOT ISSUE OR RENEW A POLICY WITHOUT PROVIDING FOR THE CONTINGENT LIABILITY OF THE SUBSCRIBER.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 298.

In subsection (b)(2) of this section, the reference to another state "in which the domestic reciprocal insurer is authorized to transact insurance" is substituted for the former reference to another state "in which the insurer is transacting insurance as an authorized insurer" to avoid confusion with the defined term "authorized insurer". See § 1-101 of this article.

Defined terms: "Commissioner" § 1-101
"Domestic insurer" § 1-101