

BY repealing and reenacting, with amendments,

Article - Insurance

Section 5-1003

Annotated Code of Maryland

(1997 Volume and 1998 Supplement)

BY adding to

Article - Insurance

Section 5-1005

Annotated Code of Maryland

(1997 Volume and 1998 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Insurance

5-1003.

(a) (1) Subject to ~~§ 5-1004~~ ~~§§ 5-1004 AND 5-1005~~ of this subtitle AND EXCEPT AS PROVIDED UNDER § 5-1005 OF THIS SUBTITLE, an insurer may not retain a risk on any one subject of insurance, whether located or to be performed in the State or outside of the State, in an amount exceeding 10% of the insurer's surplus to policyholders.

(2) An insurer's surplus to policyholders shall be determined at the time a risk is assumed from the more recent of:

(i) the last sworn statement of the insurer on file with the Commissioner; or

(ii) the last examination report of the insurer.

(b) In determining the amount of risk retained by an insurer, a deduction shall be made for reinsurance ceded by the insurer for which credit is allowed under § 5-904 of this title.

5-1005.

~~AN INSURER MAY NOT RETAIN A RISK ON ANY ONE SUBJECT OF FINANCIAL GUARANTY INSURANCE RELATING TO A MUNICIPAL BOND IF THE AVERAGE ANNUAL DEBT SERVICE EXCEEDS 10% OF THE INSURER'S CAPITAL AND SURPLUS TO POLICYHOLDERS.~~

THE COMMISSIONER MAY ESTABLISH BY REGULATION LIMITS ON THE RISK RETAINED BY AN INSURER FOR A SUBJECT OF FINANCIAL GUARANTY INSURANCE, INCLUDING REQUIREMENTS FOR CONTINGENCY RESERVES USED IN DETERMINING COMPLIANCE WITH THE APPLICABLE RISK LIMITS.

~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all policies in effect or issued on or after July 1, 1999.~~