

(1991 Replacement Volume and 1991 Supplement)

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

Article 48A - Insurance Code

77.

(A) In any determination of the financial condition of an insurer, capital stock and liabilities to be charged against its assets shall include:

(1) The amount of its capital stock outstanding, if any;

(2) The amount, estimated consistent with the provisions of this article, necessary to pay all of its unpaid losses and claims incurred on or prior to the date of statement, whether reported or unreported, together with the expenses of adjustment or settlement thereof;

(3) With reference to life and disability insurance and annuity contracts:

(i) The amount of reserves on life insurance policies and annuity contracts in force, valued according to the tables of mortality, rates of interest, and methods adopted pursuant to this article which are applicable thereto;

(ii) Reserves for disability benefits, for both active and disabled lives;

(iii) Reserves for accidental death benefits;

(iv) Reserves for additional benefits that provide long-term home health care and long-term care in a nursing home or other related institution; and

(v) Any additional reserves which may be reasonably required by the Commissioner on account of such insurance;

(4) With reference to insurance other than specified in paragraph (3) of this section, the amount of reserves equal to the unearned portions of the gross premiums charged on policies in force, computed in accordance with this article;

(5) Any additional reserves which may be reasonably required by the Commissioner on account of a specific type or line of insurance; and

(6) Taxes, expenses and other obligations due or accrued at the date of the statement.

(B) THE AGGREGATE RESERVES FOR ALL POLICIES, CONTRACTS AND BENEFIT AGREEMENTS OF A LIFE INSURER, A NONPROFIT HEALTH SERVICE PLAN, OR A FRATERNAL BENEFIT SOCIETY MAY NOT BE LESS THAN THE AGGREGATE RESERVES DETERMINED BY THE QUALIFIED ACTUARY TO BE NECESSARY IN ACCORDANCE WITH THE APPLICABLE OPINIONS REQUIRED BY SECTION 83A OF THIS ARTICLE. THE COMMISSIONER BY REGULATION MAY PROVIDE FOR A TRANSITION