

recalculated in accordance with a certain formula; requiring title insurers to file a certain actuarial certification in a certain manner; making a certain technical correction; and generally relating to reserves of title insurers.

BY repealing and reenacting, with amendments,

Article - Insurance

Section 5-202 and 5-206

Annotated Code of Maryland

(1995 Volume and 1996 Supplement)

(As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

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

Article - Insurance

5-202.

(a) If the Commissioner determines that an insurer's unearned premium reserve is inadequate, the Commissioner may require the insurer to [compute all or part of the reserve by another method that is required under this subtitle] INCREASE THE UNEARNED PREMIUM RESERVE AND MAINTAIN IT AT AN ADEQUATE LEVEL.

(b) If the Commissioner determines that an insurer's loss reserves are inadequate as shown by the insurer's loss experience, the Commissioner shall require the insurer to increase the reserves and maintain them at an adequate level.

5-206.

(A) (1) In addition to adequate reserves required by § ~~5-201(b) of this subtitle~~ 5-103 OF THIS TITLE for outstanding losses, a title insurer shall maintain a guaranty fund or unearned premium reserves of at least an amount computed as follows:

(1) (I) 10% of the total amount of the risk premiums written in the calendar year for title insurance contracts shall be as assigned originally to the reserves; and

(2) ~~AS TO EXISTING AND FUTURE GUARANTY FUNDS OR UNEARNED PREMIUM RESERVES;~~

(II) [the reserves applicable to a contract shall be reduced by 5% of the original amount of the reserves] during each of the 20 years that follow the year in which the contract is issued, ~~THE RESERVES APPLICABLE TO THE CONTRACT SHALL BE REDUCED IN ACCORDANCE WITH THE FOLLOWING FORMULA:~~

(H) 1. 30% OF THE AGGREGATE SUM ON ~~JULY 1~~ DECEMBER 31 OF THE YEAR NEXT SUCCEEDING THE YEAR OF ADDITION;

(H) 2. 15% OF THE AGGREGATE SUM ON ~~JULY 1~~ DECEMBER 31 OF THE SUCCEEDING YEAR;