

§410. Minimum paid-in capital and surplus requirements

1. To qualify for authority to transact any one kind of insurance, as defined in chapter 9, or combination of kinds of insurance as shown below, an insurer must possess and thereafter maintain unimpaired paid-in capital stock, if a stock insurer, or unimpaired basic surplus, if a foreign mutual or a reciprocal insurer, and when first so authorized must possess initial free surplus, all in amounts not less than as determined from the following table.

A health, life and health or multiple line (as described in section 409) insurer may qualify for a certificate of authority to transact a legal services insurance business, as described in chapter 38, if it is otherwise qualified therefor and possesses and thereafter maintains, in addition to the amounts described in the following table, an additional amount of unimpaired paid-in capital stock, if a stock insurer, or unimpaired basic surplus, if a foreign mutual or reciprocal insurer, of not less than \$500,000.

An insurer may qualify for a certificate of authority to transact solely financial guaranty insurance as defined in section 709-A, if it is otherwise qualified therefor and possesses and thereafter maintains paid-in capital stock in the amount of \$2,500,000 and initial free surplus in an amount of \$47,500,000 or, if the insurer is a foreign mutual or reciprocal insurer, minimum required basic surplus in an amount of \$2,500,000 and initial free surplus in an amount of \$47,500,000.

Kind or Kinds of Insurance	Stock Insurers	Foreign mutual, Reciprocal Insurers		
	Minimum Required Capital Stock	Initial Free Surplus	Minimum Required Basic Surplus	Initial Free Surplus
Life	\$1,500,000	\$1,500,000	\$1,500,000*	\$1,500,000*
Health	1,000,000	1,000,000	1,000,000	1,000,000
Life and Health	2,500,000	2,500,000	2,500,000*	2,500,000*
Casualty	1,500,000	1,500,000	1,500,000	1,500,000
Marine and Transportation	1,500,000	1,500,000	1,500,000	1,500,000
Property	1,000,000	1,000,000	1,000,000	1,000,000
Surety	1,500,000	1,500,000	1,500,000	1,500,000
Title	500,000	500,000	500,000	500,000
Multiple line (as defined in section 409)	2,500,000	2,500,000	2,500,000	2,500,000
All Line (as defined in section 409)	5,000,000	5,000,000	5,000,000*	5,000,000*

* Does not apply as to a reciprocal insurer.

Except:

- A. An insurer holding a valid certificate of authority to transact insurance in this State on January 1, 1970 may, if otherwise qualified therefor until January 1, 1989, continue to be so authorized

while possessing paid-in capital stock, if a stock insurer, or surplus, if a mutual or reciprocal insurer, as required for such authority immediately prior to January 1, 1970. [PL 1991, c. 385, §2 (AMD).]

B. Prior to January 1, 1989, the superintendent may not authorize such an insurer to transact any other kinds of insurance unless it complies with the requirements as to capital stock, if a stock insurer, or basic surplus, if a mutual or reciprocal insurer, as applied to all kinds of insurance it proposes to transact, as provided in the table contained in this paragraph.

A health, life and health or multiple line (as described in section 409) insurer may qualify for a certificate of authority to transact a legal services insurance business, as described in chapter 38, if it is otherwise qualified therefor and possesses and thereafter maintains, in addition to the amounts described in the following table, an additional amount of unimpaired paid-in capital stock, if a stock insurer, or unimpaired basic surplus, if a foreign mutual or reciprocal insurer, of not less than \$500,000.

Kind or Kinds of Insurance	Stock Insurers	Foreign mutual, Reciprocal Insurers		
	Minimum Required Capital Stock	Initial Free Surplus	Minimum Required Basic Surplus	Initial Free Surplus
Life	\$500,000	\$1,000,000	\$1,000,000*	\$1,000,000*
Health	250,000	250,000	250,000	250,000
Life and Health	500,000	1,000,000	1,000,000*	1,000,000*
Casualty	500,000	500,000	500,000	500,000
Marine and Transportation	500,000	500,000	500,000	500,000
Property	500,000	500,000	500,000	500,000
Surety	500,000	500,000	500,000	500,000
Title	150,000	150,000	150,000	150,000
Multiple line (as defined in section 409)	1,000,000	1,000,000	1,000,000	1,000,000
All Line (as defined in section 409)	2,000,000	2,000,000	2,000,000*	2,000,000*

*Does not apply as to a reciprocal insurer. [PL 1991, c. 385, §2 (AMD).]

C. Until January 1, 1989, a domestic mutual insurer formed prior to January 1, 1968, and while possessing surplus of not less than \$200,000 may be authorized to transact, in addition to the types of insurance it was transacting prior to July 24, 1984, any other additional kinds of insurance authorized by its charter; subject to those minimum required basic surplus amounts applicable as to foreign mutual insurers as contained in the table in paragraph B, if the insurer is to transact life insurance together with any one or more of property, casualty, surety or marine and transportation insurances. [PL 1987, c. 78, §1 (AMD).]

D. Domestic mutual insurers holding a certificate of authority upon January 1, 1989, if otherwise qualified, and possessed of basic surplus in minimum required amounts as contained in the table in this paragraph may continue to be so authorized, provided those insurers continue to possess and maintain unimpaired basic surplus funds as determined in this paragraph and applicable to those lines or kinds of insurance permitted by its certificate of authority immediately prior to January 1, 1989. Upon application by any such insurer and written approval by the superintendent, the insurer's certificate of authority may be extended to permit the writing of other kinds or lines of insurance if the insurer is qualified and possessed of basic surplus funds in amounts contained in the table in this paragraph. A domestic mutual insurer holding a certificate of authority prior to January 1, 1989, but which does not possess and maintain basic surplus in the minimum required amounts contained in the table in this paragraph, may continue to be authorized to transact insurance in this State and to write other kinds or lines of insurance, subject to the approval of the superintendent, as long as it maintains 100% reinsurance and has no liabilities.

For the purposes of this paragraph, any assuming reinsurer must be a corporation which possesses the ability to exercise control of the ceding insurer, must be an insurance company possessed of a certificate of authority to transact the same kinds of insurance in this State as those assumed and shall file a consolidated annual statement as required by section 423.

A health, life and health or multiple line (as described in section 409) insurer may qualify for a certificate of authority to transact a legal services insurance business, as described in chapter 38, if it is otherwise qualified therefor and possesses and thereafter maintains, in addition to the amounts described in the following table, an additional amount of unimpaired paid-in capital stock, if a stock insurer, or unimpaired basic surplus, if a foreign mutual or reciprocal insurer, of not less than \$500,000.

Kind or Kinds of Insurance	Domestic Mutual Insurers
Life	\$1,000,000
Health	500,000
Life and Health	1,250,000
Casualty	750,000
Marine and Transportation	1,000,000
Property	500,000
Surety	1,000,000
Title	350,000
Multiple Line (as defined in section 409)	1,250,000
All line (as defined in section 409)	2,500,000

Kind or Kinds of Insurance	Domestic Mutual Insurers
Life	\$1,000,000
Health	500,000
Life and Health	1,250,000
Casualty	750,000
Marine and Transportation	1,000,000
Property	500,000
Surety	1,000,000
Title	350,000
Multiple Line (as defined in section 409)	1,250,000
All line (as defined in section 409)	2,500,000

E. An insurer that otherwise possesses funds as required under this subsection shall at all times maintain policyholders' surplus, combined paid-in capital stock, if any, and surplus, reasonable in amount, as determined by the superintendent, in relation to the kinds and amount of insurance it has in force, or being written and retained by it, net of applicable reinsurance. In making any such determination, the superintendent shall give due consideration to any applicable standards approved or adopted by the National Association of Insurance Commissioners and to the desirability of substantial uniformity as to such requirements among the respective states. [PL 1991, c. 385, §2 (AMD).]

F. A health maintenance organization as a division or line of business is subject to this paragraph.

(1) An insurer that operates a health maintenance organization as a division or a line of business shall possess and maintain policyholder's surplus, including paid-in capital stock if any, as otherwise required by this section and in addition shall meet the surplus requirements of section 4204-A.

(2) A nonprofit hospital or medical service organization that operates a health maintenance organization as a division or as a line of business shall possess and maintain subscriber reserves as defined in Title 24, section 2301, subsection 9-A, paragraph H, subparagraph (2) and in an amount required by the superintendent and in addition shall meet the surplus requirements of section 4204-A. [RR 2021, c. 2, Pt. A, §68 (COR).]
[RR 2021, c. 2, Pt. A, §68 (COR).]

2. Capital and surplus requirements are based upon all the kinds of insurance transacted by the insurer in any and all areas in which it operates or proposes to operate, whether or not only a portion of such kinds are to be transacted in this State.

[PL 1969, c. 132, §1 (NEW).]

3. As to surplus required for authority to transact one or more kinds of insurance and thereafter to be maintained, domestic mutual legal reserve insurers hereafter formed are governed by chapter 47.

[PL 1991, c. 385, §2 (AMD).]

SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1969, c. 177, §§7,8 (AMD). PL 1973, c. 585, §12 (AMD). PL 1973, c. 625, §134 (AMD). PL 1983, c. 709, §1 (AMD). PL 1987, c. 78, §§1,2 (AMD). PL 1987, c. 707, §1 (AMD). PL 1991, c. 385, §2 (AMD). PL 1993, c. 702, §A7 (AMD). RR 2021, c. 2, Pt. A, §68 (COR).

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