**§3352. Mutual insurers, initial qualifications**

**1.**  When hereafter newly organized, a mutual insurer may be authorized to transact any one of the kinds of insurance listed in the schedule contained in subsection 2 or any combination of such kinds as provided in subsection 3.

[PL 1969, c. 132, §1 (NEW).]

**2.**  When applying for an original certificate of authority, the insurer must be otherwise qualified therefor under this Title, and must have received and accepted bona fide applications as to substantial insurable subjects for insurance coverage of a substantial character of the kind of insurance proposed to be transacted, must have collected in cash the full premium therefor at a rate not less than that usually charged by other insurers for comparable coverages, must have surplus funds on hand and deposited as of the date such insurance coverages are to become effective, or, in lieu of such applications, premiums and surplus, may deposit and thereafter maintain surplus, all in accordance with that part of the following schedule which applies to each kind of insurance the insurer proposes to transact:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) |
| Kind of Ins. | Min. No. of Apps. Accepted | Min. No. Subjects Covered | Minimum Premium Collected | Minimum Amount Ins. Ea. Subject | Maximum Amount Ins. Ea. Subject (5) | Deposit Minimum Surplus Fund (6) | Deposit Surplus in Lieu (7) |
| \_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_ |
|  |  |  |  |  |  |  |  |
| Life (1) | 500 | 500 | Annual | $2,500 | $50,000 | $1,000,000 | $1,250,000 |
| Health (2) | 500 | 500 | Quarterly | 100 (wkly. indem.) | 300 (wkly. indem.) | 500,000 | 750,000 |
| Property (3) | 100 | 250 | Annual | 10,000 | 100,000 | 500,000 | 750,000 |
| Casualty (4) | 250 | 500 | Annual | 25,000 | 100,000 | 750,000 | 1,000,000 |

The following provisions are respectively applicable to the foregoing schedule and provisions as indicated by like numerals appearing in such schedule.

(1) No group insurance or term policies for terms of less than 10 years may be included.

(2) No group, blanket or family plans of insurance may be included. In lieu of weekly indemnity, a like premium value in medical, surgical and hospital benefits may be provided. Any accidental death or dismemberment benefit provided shall not exceed $15,000.

(3) Only insurance of the owner's interest in real property may be included.

(4) Such insurance must include coverage of legal liability for bodily injury and property damage, to which the maximum and minimum insured amounts apply.

(5) The maximums provided for in column (F) are net of applicable reinsurance.

(6) The deposit of surplus in the amount specified in columns (G) and (H) must thereafter be maintained unimpaired. The deposit is subject to chapter 15 (administration of deposits).

(7) Deposit surplus, when utilized, in lieu of the alternative procedure of accepting deposit application funds shall be in those amounts enumerated for each identified kind of insurance.

Expendable surplus: In addition to surplus deposited and thereafter to be maintained as shown in columns (G) or (H), the insurer when first authorized must have on hand surplus funds, which it can thereafter expend in the conduct of its business, in amount not less than 50% of the applicable deposited and maintained surplus required of it under the schedule set up in this subsection.

Notwithstanding the requirements for expendable surplus otherwise required by this section for newly organized insurance companies seeking a certificate of authority in this State, any such insurer may transact legal services insurance, to the extent provided for in chapter 38, without additional expendable funds, if the corporation is otherwise qualified for a certificate of authority to transact the business of health, life and health or multiple lines insurance, and possesses and thereafter maintains, in addition to the amounts enumerated in the table in this subsection, an additional amount of unimpaired basic surplus of not less than $500,000.

[PL 1983, c. 801, §12 (AMD).]

**3.**  An insurer may initially qualify for authority to transact both life and health insurances by fulfilling the foregoing requirements as to each such kind of insurance; and may in like manner initially qualify for authority to transact both property and casualty insurance. An insurer shall not, however, so qualify to transact any other combination of such insurances, except as provided in section 3357.

[PL 1969, c. 132, §1 (NEW).]

**4.**  Domestic mutual insurers, possessing a certificate of authority to conduct business solely on an assessment plan upon the effective date of this subsection, and newly organized assessment plan mutual insurers authorized after the effective date of this subsection shall be governed as to surplus funds requirements by the provisions of chapter 51.

[PL 1983, c. 709, §3 (NEW).]

SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1969, c. 177, §57 (AMD). PL 1983, c. 709, §§2,3 (AMD). PL 1983, c. 801, §12 (AMD).

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