

ance Companies", relating to the contingent liability of policyholders of mutual insurance companies to assessments.

SECTION 1. *Be it enacted by the General Assembly of Maryland*, That Section 155 of Article 48A of Flack's Annotated Code of Maryland (1939 Edition), title "Insurance", sub-title "Mutual Insurance Companies", be and the same is hereby repealed and re-enacted, with amendments, to read as follows:

155. *Assessments.* When such mutual company is not possessed of admitted assets equal to unearned premium reserves and other liabilities, it shall make an assessment to cover the deficiency. Every such assessment shall be made upon all members liable to assessment therefor in the proportion hereinafter specified, but subject to the maximum amount of assessment liability expressed in their policies or applications for insurance. Every person, firm or corporation who or which was a member of such company at any time during one year prior to the making of an order of assessment shall be severally liable to pay and shall pay such member's proportionate share of any assessment which may be made in accordance with law, if such member is notified of such assessment within one year after the making of an order of assessment. A member's proportionate part of any assessment shall be determined by applying to the premium earned on the member's policy or policies during a period of one year next preceding the order of assessment the ratio of the total assessment to the total premiums earned during such period on all policies subject to assessment. Provided, that the Commissioner by written order may relieve the company from an assessment or enter proceeding to restore such assets during the time fixed in such order; and provided, that any domestic company which shall be deficient in providing the unearned premium reserve required hereby, may notwithstanding such deficiency, come under this Act on the condition that it shall each year thereafter reduce such deficiency by at least 15% of the original amount thereof, and in such case it may increase its assessments accordingly. Provided, however, that each member who became such by virtue of a policy or policies effective prior to the effective date of this Act shall be liable only on account of losses and expenses incurred while his policy was in force.

SEC. 2. *And be it further enacted.* That this Act shall take effect June 1, 1941.

Approved April 23, 1941.