

(1) at the option of the insurer, on a [yearly or more frequent] DAILY PRO RATA BASIS OR A MONTHLY pro rata basis IF THE INSURANCE RISK DOES NOT VARY SIGNIFICANTLY DURING THE CONTRACT PERIOD; OR

(2) OVER THE PERIOD OF RISK IN PROPORTION TO THE AMOUNT OF INSURANCE PROTECTION PROVIDED IF THE PERIOD OF RISK DIFFERS SIGNIFICANTLY FROM THE CONTRACT PERIOD.

5-206.

(a) (1) In addition to adequate reserves required by § 5-103 of this title for outstanding losses, a title insurer shall maintain a [guaranty fund] STATUTORY RESERVE or unearned premium [reserves] RESERVE of at least an amount computed as follows:

(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

(ii) 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:

1. [30%]35% of the aggregate sum on [December 31] JULY 1 of the year next succeeding the year of addition;

2. 15% of the aggregate sum on [December 31] JULY 1 of EACH OF the succeeding [year] 2 YEARS;

3. 10% of the aggregate sum on [December 31] JULY 1 of [each of] the succeeding [2 years] YEAR;

4. [5% of the aggregate sum on December 31 of each of the succeeding 2 years;

5.] 3% of the aggregate sum on [December 31] JULY 1 of each of the succeeding [2] 3 years;

[6.] 5. 2% of the aggregate sum on [December 31] JULY 1 of each of the succeeding [7] 3 years; and

[7.] 6. 1% of the aggregate sum on [December 31] JULY 1 of each of the succeeding [5] 10 years.

[(2) The guaranty fund or unearned premium reserve established for title insurance contracts issued during the 20 years preceding October 1, 1997 shall be recalculated in accordance with this subsection.]

(2) (I) THE TITLE INSURER SHALL CALCULATE RETROACTIVE ADJUSTED STATUTORY RESERVE OR UNEARNED PREMIUM RESERVE ON AN AGGREGATE BASIS ON JANUARY 1, 2001.