§ 1311. Impairment of a mutual or reciprocal insurer. (a) In this section "required surplus" includes any guaranty surplus or special contingent surplus or other specifically reserved surplus account of a domestic mutual insurer, a domestic reciprocal insurer or any other domestic insurer without capital stock, required by the provisions of this chapter to be maintained for any purpose, including: (i) issuance of non-assessable policies, (ii) payment of dividends, or (iii) transaction of business after a license has been issued by the superintendent.

(b) Whenever the superintendent finds from a financial statement or report on examination that the total admitted assets of any insurer required to maintain such required surplus are less than the aggregate amount of its liabilities and required surplus, he shall determine the amount of such impairment and order the insurer or its attorney-in-fact to eliminate such impairment within such period he designates, not exceeding ninety days from service of such order. He may also by order prohibit such insurer, while such impairment exists, from:

(1) issuing any non-assessable policies if its required surplus for the purpose of item (i) of subsection (a) hereof is impaired, or

(2) paying dividends if its required surplus for the purpose of item (ii) of subsection (a) hereof is impaired, or

(3) issuing new policies if its minimum surplus for the purpose of item (iii) of subsection (a) hereof is impaired.

(c) If the impairment so determined is such that such insurer does not have the minimum surplus required for item (iii) of subsection (a) hereof, and if when such designated period expires the insurer has not satisfied the superintendent that such impairment has been eliminated, the superintendent may proceed against such insurer pursuant to the provisions of article seventy-four of this chapter on the ground that its further transaction of business will be hazardous to its policyholders, its creditors or the public.

(d) If the required minimum surplus of any authorized foreign mutual or reciprocal insurer is found by the superintendent to be impaired, the superintendent may order such insurer not to issue during such time as he prescribes any new policies in this state, and may, after notice and hearing, revoke its license to do business in this state.