§ 4714. Transition. For municipal cooperative health benefit plans that provided medical, surgical or hospital services on or before January first, nineteen hundred ninety-three pursuant to a municipal cooperation agreement authorized under article five-G of the general municipal law, the reserve and surplus requirements in section four thousand seven hundred six of this article may be phased in over a period of up to five plan years, provided that:

(a) the amount for the reserve described in paragraph one of subsection (a) of section four thousand seven hundred six of this article:

(1) at the end of the first plan year on or after the effective date of this article shall not be less than twelve percent of expected incurred claims and expenses thereon for such plan year; and

(2) at the end of each subsequent plan year during the phase-in period shall not be less than the actual percentage amount in the previous year, plus an amount equal to the difference between such actual percentage amount and the percentage amount otherwise required under section four thousand seven hundred six of this article, divided by the number of years remaining in the phase-in period;

(b) the amount of surplus:

(1) at the end of the first plan year on or after the effective date of this article shall not be less than two percent of the annualized earned premium equivalents during such plan year; and

(2) at the end of each subsequent plan year shall not be less than the actual percentage amount in the previous plan year, plus an amount equal to the difference between such actual percentage amount and the percentage otherwise required under section four thousand seven hundred six of this article, divided by the number of years remaining in the phase-in period; and

(c) the superintendent may reduce the aggregate or specific stop-loss retention amounts or attachment points, referred to in section four thousand seven hundred seven of this article, during the phase-in period for any municipal cooperative health benefit plan which consists of fewer than five municipal corporations or which covers less than two thousand employees and retirees.