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§3–116.

(a) (1) A director, officer, or member of a stock insurer or mutual insurer or any other person may lend or advance to the stock insurer or mutual insurer any money necessary to enable it to comply with a surplus requirement or any other requirement of law.

(2) The instrument evidencing a loan or advance under this subsection shall:

(i) be approved as to form and content by the Commissioner; and

(ii) contain provisions that specify that:

1. the instrument is subordinate to policyholders, claimant and beneficiary claims, and all other classes of creditors other than surplus note holders; and

2. interest payments and principal repayments may not be made without prior approval of the Commissioner.

(3) A loan or advance under this subsection and any interest on it:

(i) is payable only out of the surplus remaining after the stock insurer or mutual insurer provides for all reserves and other liabilities; and

(ii) is not otherwise a liability or claim against the stock insurer or mutual insurer or any of its assets.

(b) (1) Proceeds of a loan or advance under this section shall be in the form of cash or other admitted assets having readily determinable values and liquidity satisfactory to the Commissioner.

(2) In each annual statement, a stock insurer or mutual insurer shall report the amount of each loan or advance made under this section.

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