

Article - Insurance

[Previous][Next]

§8-464.

(a) The Commissioner shall take action under subsection (b) of this section if, on investigation, the Commissioner finds that a domestic society:

- (1) has exceeded its powers;
- (2) has failed to comply with this subtitle;
- (3) is not fulfilling its contracts in good faith;
- (4) has a membership of less than 400 after an existence of 1 year or more;
- (5) is conducting its insurance business fraudulently; or
- (6) is conducting its insurance business in a manner hazardous to its members, creditors, the public, or the business.

(b) If the Commissioner makes a finding under subsection (a) of this section, the Commissioner shall:

- (1) notify the society of the finding;
- (2) state in writing the reasons for dissatisfaction; and
- (3) require the society to show cause on or before a specified date why:
 - (i) the society should not be enjoined from conducting any insurance business until the violation has been corrected; or
 - (ii) an action seeking a mandatory injunction should not be commenced against the society.

(c) (1) If, on or before the date specified in the notice, the society does not present good and sufficient reason why it should not be enjoined from conducting insurance business or why an action seeking a mandatory injunction should not be commenced, the Commissioner may present the facts relating to the violation to the Attorney General.

- (2) On request of the Commissioner, the Attorney General may commence:
 - (i) an action to enjoin the society from conducting insurance business; or
 - (ii) an action seeking a mandatory injunction.

(3) The court shall schedule a hearing and notify the officers of the society of the hearing.

(4) If, after a full hearing, the court finds that a violation has occurred under subsection (a) of this section, the court shall pass an order:

- (i) enjoining the society from conducting insurance business;
- (ii) liquidating the society; or
- (iii) appointing the Commissioner as receiver of the society.

(d) A society enjoined from conducting insurance business under this section may not conduct insurance business until:

- (1) the Commissioner finds that the violation has been corrected;
- (2) the costs of the action have been paid by the society, if the court finds that the society was in default;
- (3) the court has dissolved the injunction; and
- (4) the Commissioner has reinstated the society's certificate of authority.

(e) If a court orders a society to be liquidated:

- (1) the society may not conduct any further insurance business; and
- (2) the receiver of the society immediately shall:
 - (i) take possession of the books, papers, money, and other assets of the society; and
 - (ii) close the affairs of the society and distribute its funds to those entitled to the funds under the direction of the court.

(f) This section also applies to a society that voluntarily determines to discontinue business.

[Previous][Next]