

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

House Bill 1236 (Delegate Donoghue)  
Economic Matters

Referred to Finance

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**Mutual Insurers - Conversion to Stock Insurers**

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This amended emergency bill alters the manner by which a mutual insurer may convert to a stock insurer in the State. The bill (1) repeals the requirement for a hearing before a domestic mutual insurer may become a stock insurer; (2) requires certain provisions be included in a conversion plan regarding holders of surplus notes participating in a conversion; (3) specifies that the Insurance Commissioner must approve or disapprove a plan within 60 days of the filing; (4) authorizes the Commissioner to retain any qualified expert to assist in reviewing a plan, at the expense of the insurer; (5) authorizes the Commissioner to hold a hearing on whether a plan complies with the requirements; (6) authorizes the board of directors of an insurer to petition for a waiver of the requirements concerning notice to, and approval by, policyholders of a planned conversion; and (7) authorizes the Commissioner to adopt regulations to enforce the provisions regarding the conversion of a mutual insurer to a stock insurer.

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**Fiscal Summary**

**State Effect:** None. To the extent the bill requires procedural changes, the Maryland Insurance Administration could handle them with existing resources.

**Local Effect:** None.

**Small Business Effect:** None. The bill would not directly affect small businesses.

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**Information Source(s):** Maryland Insurance Administration, Department of Fiscal Services

**Fiscal Note History:** First Reader - February 27, 1997

lc Revised - House Third Reader - March 24, 1997

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