

HOUSE BILL 1363

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C4

1998 Regular Session
8lr2648
CF 8lr2644

By: **Delegates Owings and Donoghue**
Introduced and read first time: February 27, 1998
Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Mutual Insurers - Formation of Business Combinations**

3 FOR the purpose of authorizing one or more foreign mutual insurers to form a
4 business combination with one or more domestic mutual insurers for certain
5 purposes under certain circumstances; requiring mutual insurers that form a
6 business combination to enter into a certain agreement; requiring the
7 agreement to be approved by each mutual insurer in a certain manner;
8 authorizing the Maryland Insurance Commissioner to adopt regulations
9 concerning the formation of business combinations by mutual insurers under
10 certain circumstances; and generally relating to the formation of business
11 combinations by mutual insurers.

12 BY adding to
13 Article - Insurance
14 Section 3-123.1
15 Annotated Code of Maryland
16 (1997 Volume)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
18 MARYLAND, That the Laws of Maryland read as follows:

19 **Article - Insurance**

20 3-123.1.

21 (A) SUBJECT TO THE PRIOR APPROVAL OF THE COMMISSIONER, ONE OR MORE
22 MUTUAL INSURERS ORGANIZED UNDER THE LAWS OF ANY STATE MAY FORM A
23 BUSINESS COMBINATION WITH ONE OR MORE DOMESTIC MUTUAL INSURERS FOR
24 THE PURPOSE OF PURCHASING REINSURANCE OR OTHER FINANCIAL SERVICES.

25 (B) (1) MUTUAL INSURERS FORMING A BUSINESS COMBINATION UNDER
26 THIS SECTION SHALL ENTER INTO A WRITTEN AGREEMENT THAT PRESCRIBES THE
27 TERMS AND CONDITIONS OF THE BUSINESS COMBINATION.

1 (2) THE AGREEMENT SHALL BE APPROVED BY THE VOTE OF THE
2 MAJORITY OF THE BOARD OF DIRECTORS OF EACH MUTUAL INSURER.

3 (C) THE COMMISSIONER MAY ADOPT REGULATIONS CONCERNING THE
4 FORMATION OF BUSINESS COMBINATIONS UNDER THIS SECTION.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 October 1, 1998.