
By: **Delegates Owings and Donoghue**
Introduced and read first time: February 27, 1998
Assigned to: Rules and Executive Nominations
Re-referred to: Economic Matters, March 9, 1998

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 26, 1998

CHAPTER _____

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) UNLESS OTHERWISE PROHIBITED UNDER THIS ARTICLE AND SUBJECT TO
22 THE PRIOR APPROVAL OF THE COMMISSIONER, ONE OR MORE MUTUAL INSURERS

1 ORGANIZED UNDER THE LAWS OF ANY STATE MAY FORM A BUSINESS COMBINATION
2 WITH ONE OR MORE DOMESTIC MUTUAL INSURERS FOR THE PURPOSE OF
3 PURCHASING REINSURANCE OR OTHER FINANCIAL SERVICES.

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

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

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

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