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By: **Senator Bromwell**

Introduced and read first time: February 19, 1998

Assigned to: Rules

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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.