

SENATE BILL 727

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C4

1998 Regular Session  
8lr2644  
CF 8lr2648

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By: **Senator Bromwell**

Introduced and read first time: February 19, 1998

Assigned to: Rules

Re-referred to: Finance, February 25, 1998

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 24, 1998

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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.