

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 727 (Senator Bromwell)

Finance

Insurance - Mutual Insurers - Formation of Business Combinations

This bill authorizes one or more mutual insurers to form a business combination with one or more domestic mutual insurers for the purpose of purchasing reinsurance or other financial services, unless otherwise prohibited under the Insurance Article and subject to prior approval of the Insurance Commissioner. Such a business combination must be based on a written agreement that prescribes the terms and conditions of the business combination. The agreement must be approved by a vote of the majority of the board of directors of each mutual insurer. The bill authorizes the commissioner to adopt regulations concerning the formation of business combinations.

Fiscal Summary

State Effect: Potential minimal increase in the Maryland Insurance Administration's (MIA) expenditures and revenues.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Effect: Depending on the number of any new entities formed, MIA's expenditures could increase to review, track, and approve forms and to monitor the new entities. Certain revenues, such as licensing fees, could also increase. Any such increases are assumed to be minimal.

Information Source(s): Maryland Insurance Administration

Fiscal Note History:

First Reader - March 13, 1998

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Revised - Senate Third Reader - March 27, 1998

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