

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

Senate Bill 518 (Senator Astle)

Finance

Mutual Insurance Holding Company Act

This bill authorizes a mutual insurer to reorganize as a stock insurer and establish a mutual insurance holding company to hold the capital stock of the reorganized stock insurer. The reorganization is subject to review and approval by a majority of the board of directors, three-fourths of the members of the mutual insurer, and the Insurance Commissioner. The bill provides that certain information must be submitted to the Commissioner at least 60 days before the effective date of the reorganization. The Commissioner may retain, at the expense of the insurer, an expert to review the plan of reorganization. The Commissioner may also hold a hearing on whether the plan of reorganization complies with the provisions of the bill and is equitable to the mutual insurer's members.

The bill requires that the Commissioner approve the reorganization plan if it complies with the provisions of the bill and is equitable to the mutual insurer's members.

Fiscal Summary

State Effect: Indeterminate minimal increase in special fund revenue due to fees collected by the Maryland Insurance Administration. Any workload increase could be handled with existing revenues.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Revenues: Special fund revenues could increase by an indeterminate minimal amount since insurers that reorganize would be subject to a \$125 rate and form filing fee by the Maryland Insurance Administration. The number of insurers who would reorganize under the provisions of this bill cannot be reliably estimated at this time, but would be minimal.

Information Source(s): Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - February 12, 1999

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