

# SENATE BILL 982

C4

6lr3679  
CF HB 1616

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By: **Senator McCray**

Introduced and read first time: February 15, 2026

Assigned to: Rules

Re-referred to: Finance, March 5, 2026

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Committee Report: Favorable

Senate action: Adopted

Read second time: March 18, 2026

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Mutual Insurance Holding Companies – Conversion to Mutual Insurers**

3 FOR the purpose of authorizing a mutual insurance holding company to convert its mutual  
4 insurance holding company system to a mutual insurer on adoption and approval of  
5 a plan of conversion; establishing certain requirements related to the plan of  
6 conversion and its submission to the Maryland Insurance Commissioner for  
7 approval; and generally relating to the conversion of mutual insurance holding  
8 companies to mutual insurers.

9 BY repealing and reenacting, without amendments,  
10 Article – Insurance  
11 Section 3–121.1(a)  
12 Annotated Code of Maryland  
13 (2017 Replacement Volume and 2025 Supplement)

14 BY repealing and reenacting, with amendments,  
15 Article – Insurance  
16 Section 3–121.1(l) and (m)  
17 Annotated Code of Maryland  
18 (2017 Replacement Volume and 2025 Supplement)

19 BY adding to  
20 Article – Insurance  
21 Section 3–121.2

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**EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Annotated Code of Maryland  
2 (2017 Replacement Volume and 2025 Supplement)

3 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
4 That the Laws of Maryland read as follows:

5 **Article – Insurance**

6 3–121.1.

7 (a) (1) In this section the following words have the meanings indicated.

8 (2) “Mutual insurance holding company” means a nonstock corporation  
9 that:

10 (i) is incorporated in the State in accordance with a plan of  
11 reorganization adopted and approved under this section; and

12 (ii) is the parent of a reorganized stock insurer.

13 (3) “Reorganized stock insurer” means the stock corporation into which a  
14 mutual insurer is reorganized in accordance with a plan of reorganization adopted and  
15 approved under this section.

16 (l) (1) A mutual insurance holding company:

17 (i) may not dissolve or liquidate except through proceedings under  
18 Title 9 of this article **OR IN ACCORDANCE WITH § 3–121.2 OF THIS SUBTITLE**; and

19 (ii) shall be a party to any proceeding under Title 9 of this article  
20 involving a reorganized stock insurer that is a subsidiary of the mutual insurance holding  
21 company.

22 (2) In any proceeding under Title 9 involving a reorganized stock insurer  
23 that is a subsidiary of a mutual insurance holding company, the assets of the mutual  
24 insurance holding company shall be deemed to be assets of the estate of the reorganized  
25 stock insurer for purposes of satisfying the claims of the reorganized stock insurer’s  
26 policyholders.

27 (m) A mutual insurance holding company may become a stock insurer in  
28 accordance with § 3–121 of this subtitle **OR A MUTUAL INSURER IN ACCORDANCE WITH**  
29 **§ 3–121.2 OF THIS SUBTITLE**.

30 **3–121.2.**

1           (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
2 INDICATED.

3                   (2) "MUTUAL INSURANCE HOLDING COMPANY" MEANS A NONSTOCK  
4 CORPORATION THAT:

5                           (I) IS INCORPORATED IN THE STATE IN ACCORDANCE WITH A  
6 PLAN OF REORGANIZATION ADOPTED AND APPROVED UNDER § 3-121.1 OF THIS  
7 SUBTITLE; AND

8                           (II) IS THE PARENT OF A REORGANIZED STOCK INSURER.

9                   (3) "REORGANIZED STOCK INSURER" MEANS THE STOCK  
10 CORPORATION INTO WHICH A MUTUAL INSURER IS REORGANIZED IN ACCORDANCE  
11 WITH A PLAN OF REORGANIZATION ADOPTED AND APPROVED UNDER § 3-121.1 OF  
12 THIS SUBTITLE.

13           (B) A MUTUAL INSURANCE HOLDING COMPANY THAT, DIRECTLY OR  
14 INDIRECTLY, OWNS 100% OF THE CAPITAL STOCK OF A REORGANIZED STOCK  
15 INSURER MAY CONVERT ITS MUTUAL INSURANCE HOLDING COMPANY SYSTEM INTO  
16 A MUTUAL INSURER IN ACCORDANCE WITH A PLAN OF CONVERSION ADOPTED AND  
17 APPROVED UNDER THIS SECTION.

18           (C) A PLAN OF CONVERSION SHALL PROVIDE THAT:

19                   (1) ON THE EFFECTIVE DATE OF THE CONVERSION, THE MEMBERSHIP  
20 INTERESTS IN THE MUTUAL INSURANCE HOLDING COMPANY SHALL BECOME  
21 NONTRANSFERABLE MEMBERSHIP INTERESTS IN THE CONVERTED MUTUAL  
22 INSURER;

23                   (2) FUTURE POLICYHOLDERS OF THE CONVERTED MUTUAL INSURER  
24 SHALL BE MEMBERS OF THE CONVERTED MUTUAL INSURER;

25                   (3) ON THE EFFECTIVE DATE OF THE CONVERSION, EACH POLICY OF  
26 THE REORGANIZED STOCK INSURER SHALL REMAIN IN EFFECT AND MAY BE  
27 ENDORSED;

28                   (4) THE SHARES OF THE REORGANIZED STOCK INSURER AND ANY  
29 INTERMEDIATE STOCK HOLDING COMPANY SHALL BE RETIRED;

30                   (5) THE MUTUAL INSURANCE HOLDING COMPANY AND ANY  
31 INTERMEDIATE STOCK HOLDING COMPANY SHALL BE DISSOLVED BY FILING

1 ARTICLES OF DISSOLUTION WITH THE STATE DEPARTMENT OF ASSESSMENTS AND  
2 TAXATION; AND

3 (6) THE CONVERTED MUTUAL INSURER SHALL HAVE SURPLUS FUNDS  
4 THAT ARE REASONABLY ADEQUATE FOR THE SECURITY OF ITS POLICYHOLDERS.

5 (D) (1) A PLAN OF CONVERSION SHALL BE:

6 (I) APPROVED BY THE VOTE OF A MAJORITY OF THE BOARD OF  
7 DIRECTORS OF THE MUTUAL INSURANCE HOLDING COMPANY AND ANY  
8 INTERMEDIATE STOCK HOLDING COMPANY;

9 (II) SUBMITTED TO A MEETING OF MEMBERS OF THE MUTUAL  
10 INSURANCE HOLDING COMPANY; AND

11 (III) APPROVED BY THE VOTE OF AT LEAST 75% OF THE  
12 MEMBERS WHO VOTE ON THE PLAN OF CONVERSION IN PERSON, BY PROXY, OR BY  
13 MAIL.

14 (2) NOTICE OF THE TIME, PLACE, AND PURPOSE OF THE MEETING OF  
15 MEMBERS REQUIRED UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION SHALL BE  
16 PROVIDED IN THE MANNER APPROVED BY THE COMMISSIONER.

17 (E) A PLAN OF CONVERSION SHALL BE SUBMITTED TO THE COMMISSIONER  
18 FOR APPROVAL AT LEAST 60 DAYS BEFORE THE EFFECTIVE DATE OF THE  
19 CONVERSION, TOGETHER WITH:

20 (1) AMENDMENTS TO THE ARTICLES OF INCORPORATION AND  
21 BYLAWS OF THE REORGANIZED STOCK INSURER NECESSARY TO CONVERT TO A  
22 MUTUAL INSURER;

23 (2) A 5-YEAR PLAN OF OPERATION FOR THE CONVERTED MUTUAL  
24 INSURER, INCLUDING ANY PLANS FOR THE TRANSFER OF ASSETS OR LIABILITIES  
25 FROM THE MUTUAL INSURANCE HOLDING COMPANY OR ANY INTERMEDIATE  
26 HOLDING COMPANY TO THE CONVERTED MUTUAL INSURER;

27 (3) A LIST OF THE OFFICERS AND DIRECTORS OF THE CONVERTED  
28 MUTUAL INSURER;

29 (4) A BIOGRAPHICAL AFFIDAVIT OF EACH OFFICER AND DIRECTOR OF  
30 THE CONVERTED MUTUAL INSURER; AND

1           **(5) ANY OTHER DOCUMENTS OR INFORMATION REQUESTED BY THE**  
2 **COMMISSIONER.**

3           **(F) (1) UNLESS DISAPPROVED BY THE COMMISSIONER, A PLAN OF**  
4 **CONVERSION IS APPROVED:**

5                   **(I) ON WRITTEN NOTICE FROM THE COMMISSIONER; OR**

6                   **(II) 60 DAYS AFTER THE DATE THAT THE PLAN AND ALL**  
7 **INFORMATION REQUIRED UNDER THIS SECTION AND UNDER ANY REGULATION**  
8 **ADOPTED IN ACCORDANCE WITH THIS SECTION ARE SUBMITTED TO THE**  
9 **COMMISSIONER.**

10           **(2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE**  
11 **COMMISSIONER SHALL APPROVE THE PLAN OF CONVERSION IF THE PLAN:**

12                   1.    **COMPLIES WITH THIS SECTION; AND**

13                   2.    **IS EQUITABLE TO THE MEMBERS OF THE MUTUAL**  
14 **INSURANCE HOLDING COMPANY AND THE POLICYHOLDERS OF THE REORGANIZED**  
15 **STOCK INSURER.**

16                   **(II) IN APPROVING A PLAN OF CONVERSION, THE**  
17 **COMMISSIONER MAY IMPOSE ADDITIONAL CONDITIONS AND REQUIREMENTS THAT**  
18 **THE COMMISSIONER DETERMINES ARE NECESSARY TO ACHIEVE THE PURPOSES OF**  
19 **THIS SECTION.**

20                   **(III) ON WRITTEN NOTICE TO THE MUTUAL INSURANCE HOLDING**  
21 **COMPANY, THE COMMISSIONER MAY HOLD A HEARING NECESSARY TO DETERMINE**  
22 **IF THE PLAN OF CONVERSION MEETS THE REQUIREMENTS OF THIS PARAGRAPH.**

23           **(3) THE COMMISSIONER MAY RETAIN, AT THE EXPENSE OF THE**  
24 **MUTUAL INSURANCE HOLDING COMPANY, A QUALIFIED EXPERT WHO IS NOT A PART**  
25 **OF THE COMMISSIONER'S STAFF TO ASSIST IN REVIEWING THE PLAN OF**  
26 **CONVERSION.**

27           **(G) THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THIS**  
28 **SECTION.**

29           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
30 October 1, 2026.