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Economic Matters Committee

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Banking, Consumer Protection, and  
Commercial Law

Unemployment Insurance

**THE MARYLAND HOUSE OF DELEGATES**  
ANNAPOLIS, MARYLAND 21401

March 20<sup>th</sup>, 2026

**Testimony in Favor of HB1616**  
**Mutual Insurance Holding Companies - Conversion to Mutual Insurers**

**Chair Bartlett, Vice Chair and members of the Judiciary Committee,**

I respectfully request a favorable report of HB1186. In 2000, Maryland passed the House Bill 119 – Mutual Insurance Holding Company Act, to allow mutual insurance companies to reorganize into a new, hybrid corporate structure that combines elements of both stock and mutual insurers. Under the legislation from 2000, a mutual insurance company can reorganize into a stock insurance company that is majority-owned by a mutual insurance holding company. The policyholders of the converted stock insurer become members of the mutual insurance holding company and therefore retain indirect control of the converted insurer. This legislation was intended to provide a means for a mutual insurance company to address certain disadvantages of the mutual insurance company organizational form, like accessing outside capital by selling some of the stock insurer's stock to outside investors or acquiring third party companies without having to combine the two insurers, while still preserving policyholder ownership and control of the enterprise.

Since then, only four companies have converted from a mutual insurance company into a mutual insurance company. The first company to reorganize was Baltimore Life Insurance Company ("Baltimore Life"). However, Baltimore Life has never used the mutual insurance holding company structure to raise outside capital or acquire other insurance companies. Baltimore Life would like the opportunity to return to their former status as a mutual insurer, if needed, in the future. However, under current law, there is no clear mechanism for Baltimore Life or any other mutual insurance holding company to return to the mutual insurance company structure. While mutual insurers may reorganize to become a stock insurer and establish a mutual insurance holding company, there are no provisions related to voluntarily unwinding such a reorganization and returning to the original mutual insurance company corporate structure.

HB1616 is a technical bill that appears complicated but is really very simple. The bill adds a new section to Maryland law allowing mutual insurance holding companies that directly or indirectly own 100% of the capital stock of the stock insurer to convert back to a single mutual insurer. In essence, this provides converted mutual insurers with the ability to revert back to their original structure (and direct, 100% ownership by their policyholders), if they have never sold any of their stock to outside investors. Under HB1616 the process for reorganizing back to a mutual insurer mirrors the process, and the safeguards, that currently exist for mutual insurance companies that convert to a mutual insurance holding company

structure. The companies must develop a plan of conversion, which must be approved by a majority of the Board of Directors and approved by a vote of at least 3/4ths of the members of the mutual insurance company. Moreover, the plan of conversion must also be reviewed and approved by the Maryland Insurance Commissioner. The bill also authorizes the Maryland Insurance Commissioner to adopt regulations related to these reorganizations.

I respectfully request a favorable report on HB1616

Sincerely,

*Mike Rogers*

Mike Rogers  
Maryland Delegate, 32<sup>nd</sup> District