

(2) acquisition of control of an insurer would substantially lessen competition or create a monopoly in the insurance business in this state;

(3) an insurer which is part of a holding company system is caused to enter into transactions or relationships with affiliated companies on terms which are not fair and reasonable; or

(4) an insurer pays dividends to ~~shareholders~~ STOCKHOLDERS which jeopardize the financial condition of such insurers.

(b) It is hereby declared that the policies and purposes of this subtitle but not in limitation are to promote the public interest by:

(1) requiring disclosure by acquiring or merging companies;

(2) requiring disclosure by insurers of material transactions and relationships between the insurer and its affiliates, including dividends to ~~shareholders~~ STOCKHOLDERS paid by insurers;

(3) requiring disclosure of pertinent information relating to changes in control of insurers; and

(4) invoking penalties for failure to disclose and providing for the opportunity to disapprove of certain transactions.

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As used in this subtitle, the following terms shall have the respective meanings hereinafter set forth unless the context shall otherwise require:

(a) An "affiliate" is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under the common control of WITH another person.

(b) "Company" means any corporation, partnership, trust, reciprocal, joint stock company, association, society or similar organization.

(c) "Control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, through the ownership of securities convertible into voting securities, by contract other than a commercial contract for goods or non-management services, or otherwise. Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies, representing fifteen per cent (15%) or more of the voting securities of any other person; provided however, that such control shall not be presumed to exist where proxies have been obtained by an official of such person solely in connection with voting at ~~an annual or other regular~~ ANY meeting of the owners of such person. This presumption may be rebutted by showing that control does not exist in fact. Notwithstanding the presumption of control, the Commissioner, upon application of the insurance company, may determine that the insurance company or company is not controlled by the person presumed to control it. In addition the Commissioner, after notice and an opportunity to be heard, may determine that a person not presumed to have control does control an insurance company or company.