

## 497. NOTICE OF PAYMENTS OF DIVIDENDS

EVERY INSURANCE COMPANY SUBJECT TO REGISTRATION UNDER SECTION 495 SHALL GIVE THE COMMISSIONER NOT LESS THAN THIRTY DAYS ADVANCE NOTICE OF THE PAYMENT OF ANY EXTRAORDINARY DIVIDEND OR THE MAKING OF ANY EXTRAORDINARY DISTRIBUTION TO STOCKHOLDERS WHICH TOGETHER WITH THOSE MADE WITHIN THE PRECEDING TWELVE MONTHS EXCEED IN VALUE (10) PERCENT OF THE INSURER'S SURPLUS AS REGARDS POLICYHOLDERS AS OF THE 31ST DAY OF DECEMBER NEXT PRECEDING. SUCH NOTICE SHALL COMMENCE TO RUN FROM THE DATE OF MAILING BY REGISTERED OR CERTIFIED MAIL OR SUCH NOTICE TO THE COMMISSIONER. ANY SUCH DIVIDEND PAID OR DISTRIBUTION MADE WITHIN THE THIRTY DAY NOTICE PERIOD, OR PAID OR MADE WITHOUT FIRST MAILING SUCH NOTICE TO THE COMMISSIONER, SHALL BE INVALID AND SHALL CONFER NO RIGHTS OF BENEFITS UPON ANY STOCKHOLDER. THE INSURER'S SURPLUS FOLLOWING ANY DIVIDENDS OR DISTRIBUTIONS TO STOCKHOLDERS SHALL BE REASONABLE IN RELATION TO THE INSURERS' OUTSTANDING LIABILITIES AND SHALL BE ADEQUATE TO MEET ITS FINANCIAL NEEDS.

498.

*(a) Subject to the limitation contained in this section and in addition to the powers which the Commissioner has under Sections 30 through 34 of this Article relating to the examination of insurers, the Commissioner shall also have the power to order any insurer required to be registered under Section 495 of this subtitle to produce such records, books or papers in the possession of the insurer or its affiliates as shall be necessary to verify the information required to be contained in the insurer's registration statement, and any additional information pertinent thereto. Such books, records, papers and information shall be examined in the manner prescribed in Sections 30 through 34 relating to the time and place of examination.*

*(b) The purpose of the examination under subsection (a) above shall be to verify the registration statement and any addition or amendment thereto made pursuant to this subtitle. The Commissioner shall exercise his power under subsection (a) above only if the examination of the insurer under Sections 30 through 34 is inadequate, or the interests of the policyholders of such insurer are being adversely affected and, in any event, within three (3) calendar years from the date of filing of such registration statement or such addition or amendment thereto unless there is fraud involved in which case the three year limitation is not applicable.*

*(c) The Commissioner may retain at the registered insurer's expense the services of an accounting firm if reasonably necessary to assist in the conduct of the examination under subsection (a) above. Any firm so retained shall be under the direction and control of the Commissioner and shall act in a purely advisory capacity.*

*(d) Each registered insurer producing for examination records, books, and papers pursuant to subsection (a) above shall be liable*