

application, and to this end all the provisions of this Act are declared to be severable.

SECTION 3. AND BE IT FURTHER ENACTED, That all laws or parts of laws, public general or public local, inconsistent with the provisions of this Act are repealed to the extent of the inconsistency.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1973.

Approved May 21, 1973.

CHAPTER 412

(Senate Bill 542)

AN ACT to repeal Section 497 of Article 48A of the Annotated Code of Maryland (1972 Replacement Volume), title "Insurance Code," subtitle "32. Maryland Insurance Acquisitions Disclosure and Control Act," and to enact new Section 497 in lieu thereof, to stand in the place of the section repealed, to provide the Insurance Commissioner a period of advance notice of any extraordinary dividend or distribution to stockholders of [[an]] certain authorized insurer, to subject such extraordinary dividend or distribution to certain action by the Commissioner within that period, and to define extraordinary dividend and extraordinary distribution.

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section 497 of Article 48A of the Annotated Code of Maryland (1972 Replacement Volume), title "Insurance Code," subtitle "32. Maryland Insurance Acquisitions Disclosure and Control Act," be and it is hereby repealed and that new Section 497 be and it is hereby enacted in lieu thereof to stand in the place of the section repealed, and to read as follows:

497.

[Every insurance company subject to registration under § 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 or benefits upon any stockholder. The insurer's surplus following any dividends or distributions to stockholders shall be reasonable in relation to the insurer's outstanding liabilities and shall be adequate to meet its financial needs.]

(A) NO [[AUTHORIZED INSURER]] INSURANCE COMPANY SUBJECT TO REGISTRATION UNDER SECTION 495 SHALL PAY ANY EXTRAORDINARY DIVIDEND OR MAKE ANY EXTRAORDINARY DISTRIBUTION TO ITS SHAREHOLDERS UNTIL: (1) THIRTY DAYS AFTER THE COMMISSIONER HAS RECEIVED NOTICE OF THE DECLARATION THEREOF AND HAS NOT WITHIN THIS PERIOD