

§6-501 of this subtitle.

[[6-514. TRADING BY CONTROLLING PERSON.

(A) PURPOSE OF SECTION.

THIS SECTION IS INTENDED TO PREVENT THE UNFAIR USE OF INFORMATION THAT MAY HAVE BEEN OBTAINED BY A CONTROLLING PERSON BECAUSE OF HIS RELATIONSHIP TO THE INSURER.

(B) PROFITS TO INURE TO INSURER.

(1) UNLESS THE EQUITY SECURITY IS ACQUIRED IN GOOD FAITH IN CONNECTION WITH A DEBT PREVIOUSLY CONTRACTED, ANY PROFIT REALIZED BY A CONTROLLING PERSON FROM THE PURCHASE AND SALE OR FROM THE SALE AND PURCHASE OF ANY EQUITY SECURITY OF THE INSURER WITHIN A PERIOD OF LESS THAN SIX MONTHS SHALL INURE TO AND BE RECOVERABLE BY THE INSURER.

(2) THE PROVISIONS OF THIS SUBSECTION APPLY NOTWITHSTANDING ANY INTENTION ON THE PART OF THE CONTROLLING PERSON WHEN HE ENTERS INTO THE TRANSACTION TO HOLD AN EQUITY SECURITY PURCHASED OR NOT REPURCHASE AN EQUITY SECURITY SOLD FOR A PERIOD EXCEEDING SIX MONTHS.

(C) SUIT TO RECOVER PROFIT.

(1) THE INSURER MAY INSTITUTE A SUIT AT LAW OR IN EQUITY IN ANY COURT OF COMPETENT JURISDICTION TO RECOVER ANY PROFIT WHICH INURES TO ITS BENEFIT UNDER SUBSECTION (B) OF THIS SECTION.

(2) THE OWNER OF ANY SECURITY OF THE INSURER MAY INSTITUTE THE SUIT IN THE NAME AND ON BEHALF OF THE INSURER IF THE INSURER FAILS OR REFUSES TO BRING SUIT WITHIN 60 DAYS AFTER REQUESTED OR FAILS TO PROSECUTE THE SUIT DILIGENTLY.

(3) THE SUIT MAY NOT BE BROUGHT MORE THAN TWO YEARS AFTER THE PROFIT IS REALIZED.

(D) APPLICATION OF SECTION.

THIS SECTION DOES NOT APPLY:

(1) TO ANY TRANSACTION IF THE CONTROLLING PERSON WAS NOT, BOTH AT THE TIME OF THE PURCHASE AND SALE OR THE SALE AND PURCHASE OF THE EQUITY SECURITY INVOLVED, DIRECTLY OR INDIRECTLY A BENEFICIAL OWNER OF MORE THAN 10 PERCENT OF ANY CLASS OF AN EQUITY SECURITY OF THE INSURER; OR