

(3) REINSURANCE AGREEMENTS OR MODIFICATIONS THERETO, IN WHICH, AS OF THE DECEMBER 31 NEXT PRECEDING, THE REINSURANCE PREMIUM OR A CHANGE IN THE INSURER'S LIABILITIES EQUALS OR EXCEEDS 5 PERCENT OF THE INSURER'S SURPLUS AS REGARDS POLICYHOLDERS, AS OF THE 31ST DAY OF DECEMBER NEXT PRECEDING, INCLUDING THOSE AGREEMENTS WHICH MAY REQUIRE AS CONSIDERATION THE TRANSFER OF ASSETS FROM AN INSURER TO A NONAFFILIATE IF AN AGREEMENT OR UNDERSTANDING EXISTS BETWEEN THE INSURER AND NONAFFILIATE THAT ANY PORTION OF SUCH ASSETS WILL BE TRANSFERRED TO ONE OR MORE AFFILIATES OF THE INSURER;

(4) MANAGEMENT AGREEMENTS, SERVICE CONTRACTS, AND ALL COST-SHARING ARRANGEMENTS; AND

(5) ANY MATERIAL TRANSACTIONS, SPECIFIED BY REGULATION, WHICH THE COMMISSIONER DETERMINES MAY ADVERSELY AFFECT THE INTERESTS OF THE INSURER'S POLICYHOLDERS.

(D) (1) A DOMESTIC INSURER MAY NOT ENTER INTO TRANSACTIONS, WHICH ARE PART OF A PLAN OR SERIES OF LIKE TRANSACTIONS WITH PERSONS WITHIN THE HOLDING COMPANY SYSTEM, IF THE PURPOSE OF THOSE SEPARATE TRANSACTIONS IS TO AVOID THE STATUTORY THRESHOLD AMOUNT AND THUS AVOID THE REVIEW THAT WOULD OCCUR OTHERWISE.

(2) IF THE COMMISSIONER DETERMINES THAT SUCH SEPARATE TRANSACTIONS WERE ENTERED INTO DURING ANY 12-MONTH PERIOD FOR SUCH PURPOSE, HE MAY EXERCISE HIS AUTHORITY UNDER § 500 OF THIS ARTICLE.

(E) THE COMMISSIONER, IN REVIEWING TRANSACTIONS UNDER SUBSECTION (C) OF THIS SECTION, SHALL CONSIDER:

(1) WHETHER THE TRANSACTIONS COMPLY WITH THE STANDARDS SET FORTH IN SUBSECTION (A) OF THIS SECTION; AND

(2) WHETHER THE TRANSACTIONS MAY ADVERSELY AFFECT THE INTERESTS OF POLICYHOLDERS.

(F) THE COMMISSIONER SHALL BE NOTIFIED WITHIN 30 DAYS OF ANY INVESTMENT OF A DOMESTIC INSURER IN ANY ONE CORPORATION IF THE TOTAL INVESTMENT IN SUCH CORPORATION BY THE INSURANCE HOLDING COMPANY SYSTEM EXCEEDS 10 PERCENT OF THE CORPORATION'S VOTING SECURITIES.

(G) NOTHING IN THIS SECTION SHALL BE DEEMED TO AUTHORIZE OR PERMIT ANY TRANSACTIONS WHICH, IN THE CASE OF AN INSURER, NOT A MEMBER OF THE SAME HOLDING COMPANY SYSTEM, WOULD BE OTHERWISE CONTRARY TO LAW.

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(b) For the purpose of this section, extraordinary dividend or distribution includes any dividend or distribution of cash or other property, BUT NOT INCLUDING PRO RATA DISTRIBUTIONS OF ANY CLASS OF THE INSURER'S OWN SECURITIES, whose fair market value