7-607. FAILURE TO FILE STATEMENT.

FAILURE TO FILE THE REGISTRATION STATEMENT OR SUMMARY OF IT REQUIRED BY THIS SUBTITLE IN THE TIME SPECIFIED' IN THIS SUBTITLE IS A VIOLATION OF THIS TITLE.

> REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 495(j).

SUBTITLE 7. TRANSACTIONS WITHIN INSURANCE HOLDING COMPANY SYSTEMS.

7-701. EFFECT OF SUBTITLE.

THIS SUBTITLE DOES NOT AUTHORIZE AN INSURER THAT IS A MEMBER OF AN INSURANCE HOLDING COMPANY SYSTEM TO ENTER INTO A TRANSACTION THAT OTHERWISE WOULD BE CONTRARY TO LAW FOR AN INSURER THAT IS NOT A MEMBER OF THE SAME INSURANCE HOLDING COMPANY SYSTEM.

> REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 496(g).
>
> The reference to a transaction by "an insurer that is a member of an insurance holding company system" is added for clarity.
>
> The word "subtitle" is substituted for the former reference to Art. 48A, "section" 496, thereby broadening the scope of this provision to encompass former Art. 48A, § 497 as well. This substitution does not result in a substantive change because no provision revised in this subtitle could be read as authorizing an otherwise prohibited transaction.

Defined terms: "Insurance holding company system" § 7–101
          "Insurer" § 1–101

7-702. STANDARDS FOR TRANSACTIONS.

EACH TRANSACTION WITHIN AN INSURANCE HOLDING COMPANY SYSTEM TO WHICH AN INSURER SUBJECT TO REGISTRATION UNDER SUBTITLE 6 OF THIS TITLE IS A PARTY IS SUBJECT TO THE FOLLOWING STANDARDS:

(1) THE TERMS SHALL BE FAIR AND REASONABLE IN LIGHT OF THE PURPOSES OF THIS TITLE;

(2) THE RECORDS OF EACH PARTY SHALL CLEARLY AND ACCURATELY DISCLOSE THE PRECISE NATURE AND DETAILS OF THE TRANSACTION, INCLUDING ACCOUNTING INFORMATION NECESSARY TO SUPPORT THE REASONABLENESS OF THE CHARGES OR FEES TO THE PARTIES;

(3) AFTER THE TRANSACTION, INCLUDING ANY DIVIDEND OR DISTRIBUTION TO SHAREHOLDER AFFILIATES, THE INSURER HAS ASSETS AND SURPLUS AS REGARDS POLICYHOLDERS THAT:

(I) BEAR A REASONABLE RELATION TO THE INSURER'S OUTSTANDING LIABILITIES; AND