

(II) ARE ADEQUATE TO MEET THE INSURER'S FINANCIAL NEEDS;

(4) CHARGES OR FEES FOR SERVICES PERFORMED SHALL BE REASONABLE; AND

(5) EXPENSES INCURRED AND PAYMENTS RECEIVED SHALL BE ALLOCATED TO THE INSURER IN CONFORMITY WITH CUSTOMARY INSURANCE ACCOUNTING PRACTICES CONSISTENTLY APPLIED.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 496(a).

In the introductory language of this section, the reference to registration "under Subtitle 6 of this title" is added for clarity.

In item (2) of this section, the former requirement that records "be so maintained" is deleted as implicit.

Also in item (2) of this section, the former references to "books" and "accounts" are deleted in light of the general reference to "records".

Defined terms: "Affiliate" § 7-101

"Insurance" § 1-101

"Insurance holding company system" § 7-101

"Insurer" § 1-101

7-703. REGULATION OF TRANSACTIONS.

(A) "MATERIAL TRANSACTION" DEFINED.

IN THIS SECTION, "MATERIAL TRANSACTION" INCLUDES:

(1) AN ASSET CHANGE, DETERMINED AS OF THE DECEMBER 31 IMMEDIATELY PRECEDING A TRANSACTION INVOLVING AN INSURER, THAT EXCEEDS IN VALUE THE LESSER OF:

(I) 5% OF THE INSURER'S SURPLUS AS REGARDS POLICYHOLDERS;
AND

(II) THE NET GAIN FROM OPERATIONS OF A LIFE INSURER, OR THE NET INVESTMENT INCOME OF AN INSURER OTHER THAN A LIFE INSURER; AND

(2) ANY OTHER TRANSACTION SPECIFIED BY REGULATION TO BE A MATERIAL TRANSACTION.

(B) NOTICE OF TRANSACTION REQUIRED.

BEFORE A DOMESTIC INSURER AND ANOTHER MEMBER OF THE SAME INSURANCE HOLDING COMPANY SYSTEM ENTER INTO ANY OF THE TRANSACTIONS SPECIFIED IN SUBSECTION (E) OF THIS SECTION, THE DOMESTIC INSURER SHALL NOTIFY THE COMMISSIONER IN WRITING OF ITS INTENTION TO ENTER INTO THE TRANSACTION.

(C) TIME OF NOTICE.