

(3) A REINSURANCE AGREEMENT, OR A MODIFICATION TO A REINSURANCE AGREEMENT, INCLUDING AN AGREEMENT THAT REQUIRES AS CONSIDERATION THE TRANSFER OF ASSETS FROM AN INSURER TO A PERSON THAT IS NOT ITS AFFILIATE, IF:

(I) THE PARTIES HAVE AN AGREEMENT OR UNDERSTANDING THAT PART OF THE INSURER'S ASSETS WILL BE TRANSFERRED TO AN AFFILIATE OF THE INSURER; AND

(II) AS OF THE DECEMBER 31 IMMEDIATELY PRECEDING THE TRANSACTION, THE AMOUNT OF THE REINSURANCE PREMIUM OR CHANGE IN THE INSURER'S LIABILITIES EQUALS OR EXCEEDS 5% OF THE INSURER'S SURPLUS AS REGARDS POLICYHOLDERS;

(4) A MANAGEMENT AGREEMENT, SERVICE CONTRACT, OR COST-SHARING ARRANGEMENT; AND

(5) A MATERIAL TRANSACTION THAT THE COMMISSIONER DETERMINES MAY ADVERSELY AFFECT THE INTERESTS OF THE INSURER'S POLICYHOLDERS.

(F) REVIEW OF TRANSACTIONS.

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

(1) COMPLIES WITH THE STANDARDS STATED IN § 7-702 OF THIS SUBTITLE; OR

(2) POTENTIALLY ADVERSELY AFFECTS THE INTERESTS OF POLICYHOLDERS.

(G) RESCISSION OF MATERIAL TRANSACTION.

(1) A MATERIAL TRANSACTION THAT DOES NOT CONFORM TO THIS SECTION IS A VIOLATION OF THIS TITLE.

(2) IN ADDITION TO THE SANCTIONS IN §§ 7-802, 7-803, 7-805, AND 7-807 OF THIS TITLE, THE COMMISSIONER MAY SET ASIDE AND RESCIND A MATERIAL TRANSACTION THAT THE COMMISSIONER FINDS DOES NOT CONFORM TO THIS SECTION AT THE INITIATIVE OF THE COMMISSIONER OR OTHERWISE UNDER APPLICABLE LAW.

(3) WITHIN 90 DAYS AFTER THE DATE THAT THE COMMISSIONER RECEIVES INFORMATION ABOUT THE MATERIAL TRANSACTION, THE COMMISSIONER SHALL GIVE THE INSURER NOTICE OF THE PROPOSED ACTION TO SET ASIDE OR RESCIND THE MATERIAL TRANSACTION AND AN OPPORTUNITY FOR A HEARING.

(H) OTHER VIOLATIONS OF SECTION.