

(B) INEFFECTIVE WITHOUT ENDORSEMENT.

ARTICLES OF INCORPORATION AND ARTICLES OF AMENDMENT ARE NOT EFFECTIVE UNLESS THE COMMISSIONER, BY WRITTEN ENDORSEMENT ON THEM, HAS APPROVED THE ARTICLES AS BEING IN ACCORDANCE WITH THE INSURANCE LAWS OF THE STATE.

REVISOR'S NOTE: This section is new language derived without substantive change from former CA § 6-504.

Defined terms: "Commissioner" § 1-101

"Domestic insurer" § 1-101

"Insurance" § 1-101

3-105. PREREQUISITES TO SOLICITATION OF APPLICATIONS OR PREMIUMS BY PROSPECTIVE MUTUAL INSURER.

(A) INFORMATION PROVIDED TO COMMISSIONER.

A PERSON PROPOSING TO FORM A MUTUAL INSURER MAY NOT SOLICIT IN THE STATE APPLICATIONS OR PREMIUMS FOR POLICIES OF THE PROPOSED MUTUAL INSURER UNTIL THE PERSON PROVIDES THE COMMISSIONER WITH SPECIFIC INFORMATION ABOUT THE METHODS AND PROPOSED COST OF THE PROMOTION.

(B) FUNDS REQUIRED BEFORE SOLICITING APPLICATIONS.

(1) BEFORE A PERSON PROPOSING TO FORM A MUTUAL INSURER SOLICITS APPLICATIONS OR PREMIUMS FOR POLICIES, THE PERSON SHALL HAVE FUNDS ACQUIRED IN ACCORDANCE WITH § 3-116 OF THIS SUBTITLE IN THE AMOUNT OF:

(I) \$125,000, IF THE PERSON WILL SOLICIT APPLICATIONS OR PREMIUMS FOR ONE KIND OF INSURANCE BUSINESS, AS SET OUT IN § 4-104 OF THIS ARTICLE; OR

(II) \$250,000, IF THE PERSON WILL SOLICIT APPLICATIONS OR PREMIUMS FOR TWO OR MORE KINDS OF INSURANCE BUSINESS.

(2) THE FUNDS SHALL BE HELD IN CASH OR IN INVESTMENTS AUTHORIZED FOR CAPITAL AND RESERVE UNDER TITLE 5, SUBTITLE 6 OF THIS ARTICLE.

(C) LICENSE REQUIRED; INVESTIGATION OF RECORD.

(1) A PERSON MUST OBTAIN A LICENSE FROM THE COMMISSIONER BEFORE THE PERSON FORMS A MUTUAL INSURER IN THE STATE.

(2) BEFORE ISSUING A LICENSE, THE COMMISSIONER SHALL INVESTIGATE THE RECORD OF THE APPLICANT.

(3) THE COMMISSIONER SHALL ISSUE A LICENSE UNDER THIS SUBSECTION IF THE COMMISSIONER FINDS THAT THE APPLICANT IS HONEST AND TRUSTWORTHY.