

A LIFE INSURER MAY ISSUE BOTH PARTICIPATING AND NONPARTICIPATING POLICIES ONLY IF THE RIGHT OR ABSENCE OF THE RIGHT TO PARTICIPATE IS REASONABLY RELATED TO THE PREMIUM CHARGED.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 264.

Defined terms: "Domestic insurer" § 1-101

"Life insurer" § 1-101

"Mutual insurer" § 1-101

"Policy" § 1-101

"Premium" § 1-101

"Stock insurer" § 1-101

3-115. DIVIDENDS.

(A) IN GENERAL.

THE DIRECTORS OF A DOMESTIC MUTUAL INSURER PERIODICALLY MAY APPORTION AND PAY OR CREDIT TO ITS MEMBERS DIVIDENDS ONLY OUT OF THAT PART OF SURPLUS FUNDS THAT REPRESENTS NET REALIZED SAVINGS AND NET REALIZED EARNINGS IN EXCESS OF THE SURPLUS REQUIRED BY LAW TO BE MAINTAINED.

(B) TOTAL SURPLUS LESS THAN TOTAL CONTRIBUTED SURPLUS.

A DIVIDEND THAT IS OTHERWISE PROPER MAY BE PAYABLE OUT OF THE DOMESTIC MUTUAL INSURER'S NET REALIZED SAVINGS AND NET REALIZED EARNINGS EVEN THOUGH THE DOMESTIC MUTUAL INSURER'S TOTAL SURPLUS IS THEN LESS THAN ITS TOTAL CONTRIBUTED SURPLUS.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 265.

In subsection (b) of this section, the reference to the "domestic mutual insurer" is substituted for the former reference to the "insurer" to clarify that this section applies to domestic mutual insurers.

Defined terms: "Domestic insurer" § 1-101

"Mutual insurer" § 1-101

3-116. LOANS TO INSURERS.

(A) AUTHORIZED.

(1) A DIRECTOR, OFFICER, OR MEMBER OF A STOCK INSURER OR MUTUAL INSURER OR ANY OTHER PERSON MAY LEND OR ADVANCE TO THE STOCK INSURER OR MUTUAL INSURER ANY MONEY NECESSARY TO ENABLE IT TO COMPLY WITH A SURPLUS REQUIREMENT OR ANY OTHER REQUIREMENT OF LAW.

(2) INTEREST ON THE LOAN OR ADVANCE MAY NOT EXCEED 6% PER YEAR.