

(1) AN AGREEMENT OF BULK REINSURANCE IS NOT EFFECTIVE UNLESS IT IS FILED WITH AND APPROVED BY THE COMMISSIONER IN WRITING AFTER A HEARING.

(2) THE COMMISSIONER SHALL APPROVE THE AGREEMENT WITHIN A REASONABLE TIME AFTER IT IS FILED IF THE COMMISSIONER FINDS THAT THE AGREEMENT:

(I) IS EQUITABLE TO EACH DOMESTIC INSURER INVOLVED; AND

(II) WOULD NOT REDUCE SUBSTANTIALLY THE PROTECTION OF OR SERVICE TO THE POLICYHOLDERS OF EACH DOMESTIC INSURER INVOLVED.

(3) IF THE COMMISSIONER DOES NOT APPROVE THE AGREEMENT, THE COMMISSIONER SHALL NOTIFY EACH INSURER INVOLVED IN WRITING OF THE DISAPPROVAL AND SPECIFY THE REASONS FOR DISAPPROVAL.

(C) APPROVAL OF MEMBERS.

(1) IN ACCORDANCE WITH REASONABLE NOTICE AND PROCEDURE APPROVED BY THE COMMISSIONER, THE PLAN AND AGREEMENT FOR BULK REINSURANCE MUST BE APPROVED BY VOTE OF AT LEAST TWO-THIRDS OF EACH DOMESTIC MUTUAL INSURER'S MEMBERS WHO VOTE ON THE AGREEMENT AT MEETINGS OF THE MEMBERS CALLED FOR THAT PURPOSE.

(2) FOR A LIFE INSURER, THE RIGHT TO VOTE MAY BE LIMITED TO MEMBERS WITH POLICIES, OTHER THAN TERM OR GROUP POLICIES, THAT HAVE BEEN IN FORCE FOR MORE THAN 1 YEAR.

(D) REINSURANCE OF MUTUAL INSURER IN STOCK INSURER.

(1) IF THE AGREEMENT IS FOR REINSURANCE OF A MUTUAL INSURER IN A STOCK INSURER, THE AGREEMENT MUST PROVIDE FOR PAYMENT IN CASH TO EACH MEMBER OF THE INSURER WHO IS ENTITLED TO PAYMENT AS ON CONVERSION OF A MUTUAL INSURER TO A STOCK INSURER UNDER § 3-121 OF THIS SUBTITLE.

(2) EACH MEMBER SHALL BE PAID THE MEMBER'S EQUITY IN THE INSURANCE THAT IS REINSURED AS DETERMINED UNDER A FAIR FORMULA APPROVED BY THE COMMISSIONER.

(3) EACH MEMBER'S EQUITY SHALL BE BASED ON THE MEMBER'S EQUITY IN THE RESERVES, ASSETS, WHETHER OR NOT ADMITTED ASSETS, AND SURPLUS, IF ANY, OF THE MUTUAL INSURER TO BE TAKEN OVER BY THE STOCK INSURER.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 274.

In subsections (a) and (d)(2) of this section, the defined term "insurance" is substituted for the former term "business" for consistency with § 3-124(a) of this subtitle.