

(IV) THE BOARD OF DIRECTORS MUST CONSIST OF INDIVIDUALS WHO LIVE IN DIFFERENT GEOGRAPHICAL AREAS OF THE STATE.

(C) BOARD TO GOVERN SOCIETY.

THE BOARD OF DIRECTORS GOVERNS THE SOCIETY AND EXERCISES THE CORPORATE POWERS OF THE SOCIETY.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 551(a).

In subsection (b)(3)(iv) of this section, the word "individuals" is substituted for the former word "persons" for specificity in light of Art. 1, § 15 of the Code, which provides that the word "person" includes a corporation, partnership, or other specified entities unless this construction would be unreasonable.

Also in subsection (b)(3)(iv) of this section, the former reference to members who live in "various" geographical areas of the State is deleted as included in the reference to "different" geographical areas.

Former Art. 48A, § 551(b), which required the initial Board of Directors to prepare and file articles of incorporation and bylaws within 30 days after appointment by the Governor, is deleted as obsolete.

- Defined terms: "Insurer" § 1-101
- "Physician" § 24-201
- "Society" § 24-201

24-205. ADMINISTRATION OF SOCIETY BY LICENSED INSURER.

(A) IN GENERAL.

(1) IF THE BOARD OF DIRECTORS DETERMINES THAT THE AFFAIRS OF THE SOCIETY MAY BE ADMINISTERED SUITABLY AND EFFICIENTLY, THE SOCIETY MAY ENTER INTO A CONTRACT WITH A LICENSED INSURER OR LICENSED NONPROFIT HEALTH SERVICE PLAN TO ADMINISTER THE AFFAIRS OF THE SOCIETY, SUBJECT TO THE CONTINUING DIRECTION OF THE BOARD OF DIRECTORS SPECIFIED IN THE ARTICLES OF INCORPORATION AND BYLAWS OF THE SOCIETY AND THE CONTRACT.

(2) A CONTRACT MAY NOT EXCEED 5 YEARS.

(B) ACTION BY COMMISSIONER ON CONTRACT.

(1) ON EXECUTION OF THE CONTRACT, THE SOCIETY PROMPTLY SHALL FILE A TRUE COPY OF THE CONTRACT WITH THE COMMISSIONER.

(2) THE CONTRACT IS EFFECTIVE 30 DAYS AFTER THE DATE OF FILING UNLESS, BEFORE THE EFFECTIVE DATE, THE COMMISSIONER DISAPPROVES THE CONTRACT AS CONTRARY TO LAW OR PUBLIC POLICY OR AS UNDULY ONEROUS AND STATES THE REASONS FOR THE DISAPPROVAL.