

(B) STANDARDS FOR APPROVAL OF PLAN.

THE COMMISSIONER MAY NOT APPROVE A PLAN FOR MERGER OR CONVERSION UNLESS:

(1) THE PLAN IS EQUITABLE TO SUBSCRIBERS; AND

(2) FOR CONVERSION TO A STOCK INSURER, THE PLAN GIVES EACH SUBSCRIBER:

(I) PREFERENTIAL RIGHT TO ACQUIRE STOCK OF THE PROPOSED STOCK INSURER PROPORTIONATE TO THE SUBSCRIBER'S INTEREST IN THE RECIPROCAL INSURER; AND

(II) A REASONABLE LENGTH OF TIME TO EXERCISE THE PREFERENTIAL RIGHT.

(C) EFFECT OF CONVERSION.

IF A DOMESTIC RECIPROCAL INSURER CONVERTS TO A STOCK INSURER OR MUTUAL INSURER, THE SUCCESSOR STOCK INSURER OR MUTUAL INSURER IS SUBJECT TO THE SAME CAPITAL OR SURPLUS REQUIREMENTS AND HAS THE SAME RIGHTS AS A LIKE DOMESTIC INSURER THAT TRANSACTS LIKE KINDS OF INSURANCE BUSINESS.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 300.

Defined terms: "Commissioner" § 1-101

"Domestic insurer" § 1-101

"Insurance business" § 1-101

"Mutual insurer" § 1-101

"Reciprocal insurer" § 1-101

"Stock insurer" § 1-101

"Subscriber" § 3-201

3-222. IMPAIRED RECIPROCAL INSURERS.

(A) INSUFFICIENT ASSETS.

IF THE ASSETS OF A RECIPROCAL INSURER AT ANY TIME ARE INSUFFICIENT TO MAINTAIN THE REQUIRED SURPLUS AND TO DISCHARGE ITS LIABILITIES, OTHER THAN A LIABILITY ON ACCOUNT OF MONEY CONTRIBUTED BY THE ATTORNEY IN FACT OR ANOTHER PERSON, THE ATTORNEY IN FACT OF A RECIPROCAL INSURER IMMEDIATELY SHALL:

(1) MAKE UP THE DEFICIENCY; OR

(2) SUBJECT TO THE LIMITATIONS SET FORTH IN THE POWER OF ATTORNEY OR SUBSCRIBERS' POLICIES, LEVY AN ASSESSMENT ON THE SUBSCRIBERS FOR THE AMOUNT NEEDED TO CURE THE DEFICIENCY.

(B) INSOLVENCY.