

A CORPORATION THAT IS INCORPORATED UNDER THE LAWS OF THE STATE AND IS SUBJECT TO THIS SUBTITLE MAY CONVERT TO A MUTUAL HEALTH INSURER SUBJECT TO THE PROVISIONS OF THIS ARTICLE UNDER A PLAN AND PROCEDURE APPROVED BY THE COMMISSIONER.

(C) STANDARDS FOR APPROVAL.

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

(1) IS EQUITABLE TO SUBSCRIBERS AND CERTIFICATE HOLDERS, IF ANY, OF THE CORPORATION;

(2) COMPLIES WITH TITLE 2, SUBTITLE 6 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE;

(3) PROVIDES THAT NONE OF THE ASSETS OR SURPLUS OF THE NONPROFIT HEALTH SERVICE PLAN WILL INURE DIRECTLY OR INDIRECTLY TO AN OFFICER OR DIRECTOR OF THE CORPORATION; AND

(4) IS APPROVED BY AT LEAST TWO-THIRDS OF THE CORPORATION'S CERTIFICATE HOLDERS WHO HAVE VOTED ON THE PLAN OR PROCEDURE IN PERSON, BY PROXY, OR BY MAIL UNDER THE NOTICE AND PROCEDURE APPROVED BY THE COMMISSIONER;

(5) ENSURES THAT THE RESULTING MUTUAL HEALTH INSURER WILL POSSESS SURPLUS IN AN AMOUNT SUFFICIENT TO:

(I) COMPLY WITH THE SURPLUS REQUIREMENTS UNDER THIS ARTICLE FOR A MUTUAL HEALTH INSURER; AND

(II) PROVIDE FOR THE SECURITY OF THE RESULTING MUTUAL HEALTH INSURER'S POLICYHOLDERS AND CERTIFICATE HOLDERS.

(D) CORPORATE STATUS NOT ABANDONED.

A CORPORATION THAT BECOMES A MUTUAL HEALTH INSURER UNDER THIS SECTION DOES NOT ABANDON ITS CORPORATE STATUS BY CONVERTING, UNLESS THE PLAN SPECIFICALLY PROVIDES OTHERWISE.

(E) EFFECT ON CERTIFICATE OF AUTHORITY, APPOINTMENTS, FORMS, AND OTHER FILINGS.

IF THE CORPORATION AT ALL TIMES REMAINS QUALIFIED TO ENGAGE IN BUSINESS IN THE STATE, THE CERTIFICATE OF AUTHORITY, AGENT APPOINTMENTS, FORMS, AND OTHER FILINGS EXISTING AT THE TIME OF THE CONVERSION SHALL CONTINUE IN EFFECT AFTER THE CONVERSION.

(F) EFFECT ON OUTSTANDING CONTRACTS.

ALL OUTSTANDING CONTRACTS OF THE CONVERTING CORPORATION SHALL REMAIN IN EFFECT AND NEED NOT OTHERWISE BE ENDORSED UNLESS ORDERED BY THE COMMISSIONER.