

- (i) is being operated for profit;
- (ii) is being fraudulently conducted;
- (iii) is not complying with this subtitle or article; [or]

(iv) knowingly is failing to comply with a rule, regulation, or order of the Commissioner; OR

(V) HAS VIOLATED THE PROVISIONS OF TITLE 6.5 OF THE STATE GOVERNMENT ARTICLE.

[14-131.

(a) This section does not apply to the conversion of a corporation authorized under this subtitle to a stock health insurer under a court order in connection with the rehabilitation or reorganization of the corporation under Title 9, Subtitle 2 of this article.

(b) A corporation that is incorporated under the laws of the State and is subject to this subtitle may convert to a for-profit stock health insurer subject to the provisions of this article under a plan and procedure approved by the Commissioner.

(c) 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;

(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; and

(5) ensures that the resulting stock health insurer will possess surplus in an amount sufficient to:

(i) comply with the surplus requirements under this article for a stock health insurer; and

(ii) provide for the security of the resulting stock health insurer's policyholders and certificate holders.

(d) A corporation that becomes a for-profit stock health insurer under this section does not abandon its corporate status by converting, unless the plan specifically provides otherwise.