

May 21, 1998

The Honorable Casper R. Taylor, Jr.  
 Speaker of the House  
 State House  
 Annapolis MD 21401

Dear Mr. Speaker:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed House Bill 1363.

This bill authorizes one or more mutual insurers to form a business combination with one or more domestic mutual insurers for the purpose of purchasing reinsurance or other financial services, unless otherwise prohibited under the Insurance Article and subject to prior approval of the Insurance Commissioner. Such a business combination must be based on a written agreement that prescribes the terms and conditions of the business combination. The agreement must be approved by a vote of the majority of the board of directors of each mutual insurer. The bill authorizes the Commissioner to adopt regulations concerning the formation of business combinations.

Senate Bill 727, which was passed by the General Assembly and signed by me on May 21, 1998, accomplishes the same purpose. Therefore, it is not necessary for me to sign House Bill 1363.

Sincerely,  
 Parris N. Glendening  
 Governor

### House Bill No. 1363

AN ACT concerning

#### **Insurance - Mutual Insurers - Formation of Business Combinations**

FOR the purpose of authorizing one or more foreign mutual insurers to form a business combination with one or more domestic mutual insurers for certain purposes under certain circumstances; requiring mutual insurers that form a business combination to enter into a certain agreement; requiring the agreement to be approved by each mutual insurer in a certain manner; authorizing the Maryland Insurance Commissioner to adopt regulations concerning the formation of business combinations by mutual insurers under certain circumstances; and generally relating to the formation of business combinations by mutual insurers.

BY adding to

Article - Insurance

Section 3-123.1

Annotated Code of Maryland

(1997 Volume)