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## 2013-2014 Regular Sessions

I N S E N A T E

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Introduced by Sens. LIBOUS, VALESKY -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the insurance law, in relation to the formation of mutual holding companies by certain domestic mutual life insurers and the reorganization in connection therewith of a domestic mutual life insurer into a domestic stock life insurer

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. The insurance law is amended by adding a new article 80 to  
2 read as follows:

## ARTICLE 80

MUTUAL HOLDING COMPANY

## SECTION 8001. DEFINITIONS.

8002. REORGANIZATION OF MUTUAL LIFE INSURER THROUGH FORMATION OF  
A MUTUAL HOLDING COMPANY; CONTENTS OF PLAN.

### 8003. DIVIDEND PRACTICES.

9 8004. ADOPTION OF PLAN; SUBMISSION OF PLAN TO THE SUPERINTEN-  
10 DENT.

11 8005. AMENDMENT OR WITHDRAWAL OF PLAN.

12 8006. CONSULTANTS.

13 8007. APPROVAL OF PLAN BY SUPERINTENDENT; HEARING.

14 8008. APPROVAL OF PLAN BY POLICYHOLDERS.

15 8009. FILING OF PLAN; EFFECTIVE DATE OF REORGANIZATION.

16 8010. EFFECT OF REORGANIZATION.

8011. CORPORATE EXISTENCE.

17 8011. CORPORATE EXISTENCE.  
18 8012. DIRECTORS AND OFFICERS.

18 8012. DIRECTORS AND OFFICERS.  
19 8013. NOTICE OF PROPOSED REORGANIZATION.

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets [ ] is old law to be omitted.

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8014. FAILURE TO GIVE NOTICE.

8015. LIMITATIONS OF ACTIONS; SECURITY.

8016. PROHIBITED TRANSACTIONS BY OFFICERS, DIRECTORS AND EMPLOYEES.

8017. REQUIREMENTS APPLICABLE TO A MUTUAL HOLDING COMPANY.

8018. OTHER REQUIREMENTS APPLICABLE TO A STOCK HOLDING COMPANY AND A MUTUAL HOLDING COMPANY.

8019. CONVERSION OF MUTUAL HOLDING COMPANY.

8020. TRANSFERS OF SUBSIDIARIES.

8021. LIMITATIONS ON ACCUMULATION OF SURPLUS OF MUTUAL HOLDING COMPANIES.

S 8001. DEFINITIONS. AS USED IN THIS ARTICLE, THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

(A) "ADOPTION DATE" MEANS THE DATE THE BOARD OF DIRECTORS OF THE MUTUAL LIFE INSURER ADOPTS THE PLAN OF REORGANIZATION.

(B) "BENEFICIAL OWNERSHIP" WITH RESPECT TO ANY SECURITY, MEANS THE SOLE OR SHARED POWER TO VOTE OR DIRECT THE VOTING OF, SUCH SECURITY AND/OR THE SOLE OR SHARED POWER TO DISPOSE OR DIRECT THE DISPOSITION OF SUCH SECURITY.

(C) "EFFECTIVE DATE" MEANS, IN THE CASE OF THE REORGANIZATION OF A MUTUAL LIFE INSURER, THE DATE UPON WHICH THE REORGANIZATION OF THE MUTUAL LIFE INSURER SHALL BE EFFECTIVE IN ACCORDANCE WITH SECTION EIGHT THOUSAND NINE OF THIS ARTICLE AS A RESULT OF REORGANIZATION PROCEEDINGS PURSUANT TO THIS ARTICLE.

(D) "MEMBER" WITH REFERENCE TO A MUTUAL LIFE INSURER, MEANS A PERSON WHO, BY THE RECORDS OF THE MUTUAL LIFE INSURER, IS DEEMED TO BE THE "POLICYHOLDER" OF A POLICY OR ANNUITY CONTRACT WHICH IS OF A TYPE DESCRIBED IN PARAGRAPH ONE, TWO OR THREE OF SUBSECTION (A) OF SECTION ONE THOUSAND ONE HUNDRED THIRTEEN OF THIS CHAPTER FOR PURPOSES OF PARAGRAPH THREE OF SUBSECTION (A) OF SECTION FOUR THOUSAND TWO HUNDRED TEN OF THIS CHAPTER. ON AND AFTER THE EFFECTIVE DATE OF A PLAN OF REORGANIZATION THAT CREATES A MUTUAL HOLDING COMPANY, THE TERM "MEMBER" MEANS A MEMBER OF SUCH MUTUAL HOLDING COMPANY AS PROVIDED IN SUBSECTION (C) OF SECTION EIGHT THOUSAND SEVENTEEN OF THIS ARTICLE.

(E) "MEMBERSHIP INTERESTS" MEANS, WITH REFERENCE TO AN INSTITUTION THAT IS A MUTUAL LIFE INSURER OR A MUTUAL HOLDING COMPANY, THE RIGHTS AS MEMBERS ARISING UNDER THE CHARTER OF SUCH INSTITUTION OR THIS CHAPTER OR OTHERWISE BY LAW INCLUDING THE RIGHTS TO VOTE AND TO PARTICIPATE IN ANY DISTRIBUTION OF THE SURPLUS OF SUCH INSTITUTION, WHETHER OR NOT INCIDENT TO A LIQUIDATION THEREOF. THE TERM "MEMBERSHIP INTERESTS" DOES NOT INCLUDE RIGHTS EXPRESSLY CONFERRED UPON THE POLICYHOLDERS BY THEIR POLICIES OR CONTRACTS (INCLUDING THE RIGHT TO PARTICIPATE IN THE DISTRIBUTION OF SURPLUS) OTHER THAN THE RIGHT TO VOTE.

(F) "MUTUAL HOLDING COMPANY" MEANS A CORPORATION ORGANIZED UNDER SECTION EIGHT THOUSAND SEVENTEEN OF THIS ARTICLE.

(G) "MUTUAL LIFE INSURER" MEANS A DOMESTIC MUTUAL LIFE INSURER.

(H) "OFFER" INCLUDES EVERY OFFER TO BUY OR ACQUIRE, SOLICITATION OF AN OFFER TO SELL, TENDER OFFER FOR, OR REQUEST OR INVITATION FOR TENDERS OF A SECURITY OR INTEREST IN A SECURITY FOR VALUE.

(I) "OUTSIDE DIRECTOR" MEANS A DIRECTOR:

(1) WHO IS NOT AN OFFICER, EMPLOYEE OR CONSULTANT OF THE MUTUAL HOLDING COMPANY, ANY STOCK HOLDING COMPANY, THE REORGANIZED INSURER OR ANY OTHER SUBSIDIARY OF THE MUTUAL HOLDING COMPANY OR ANY STOCK HOLDING COMPANY;

(2) WHO DOES NOT DIRECTLY OR INDIRECTLY OWN, CONTROL OR HOLD ONE PERCENT OR GREATER OF THE VOTING SECURITIES OF ANY STOCK HOLDING COMPA-

1 NY, THE REORGANIZED INSURER OR ANY OTHER SUBSIDIARY OF THE MUTUAL HOLD-  
2 ING COMPANY OR ANY STOCK HOLDING COMPANY; AND

3 (3) WHO IS NOT A DIRECTOR, OFFICER OR EMPLOYEE OF ANY PERSON EXCEPT  
4 THE MUTUAL HOLDING COMPANY OR ANY STOCK HOLDING COMPANY THAT DIRECTLY OR  
5 INDIRECTLY OWNS, CONTROLS OR HOLDS SUCH PERCENTAGE OF SUCH VOTING SECU-  
6 RITY.

7 LESSER AMOUNTS OF OWNERSHIP OF VOTING SECURITIES OTHER THAN THOSE  
8 PROVIDED FOR IN THIS SUBSECTION MAY BE APPROVED BY THE SUPERINTENDENT AS  
9 A COMPONENT OF THE MUTUAL HOLDING COMPANY'S PLAN OF REORGANIZATION  
10 PURSUANT TO THIS ARTICLE.

11 (J) "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, FIRM, ASSOCIATION,  
12 CORPORATION, JOINT-STOCK COMPANY, LIMITED LIABILITY COMPANY, LIMITED  
13 LIABILITY PARTNERSHIP, TRUST, GOVERNMENT OR GOVERNMENTAL AGENCY, STATE  
14 OR POLITICAL SUBDIVISION THEREOF, PUBLIC OR PRIVATE CORPORATION, BOARD,  
15 ASSOCIATION, ESTATE, TRUSTEE OR FIDUCIARY, ANY SIMILAR ENTITY OR ANY  
16 COMBINATION OF THE FOREGOING ACTING IN CONCERT.

17 (K) "PLAN OR REORGANIZATION" OR "PLAN" MEANS A PLAN ADOPTED BY A MUTU-  
18 AL LIFE INSURER IN COMPLIANCE WITH THIS ARTICLE.

19 (L) "POLICYHOLDER" MEANS A PERSON, AS DETERMINED BY THE RECORDS OF THE  
20 REORGANIZING INSURER OR REORGANIZED INSURER, WHO IS DEEMED TO BE THE  
21 "POLICYHOLDER" OF A POLICY OR ANNUITY CONTRACT WHICH IS OF A TYPE  
22 DESCRIBED IN PARAGRAPH ONE, TWO OR THREE OF SUBSECTION (A) OF SECTION  
23 ONE THOUSAND ONE HUNDRED THIRTEEN OF THIS CHAPTER FOR PURPOSES OF PARA-  
24 GRAPH THREE OF SUBSECTION (A) OF SECTION FOUR THOUSAND TWO HUNDRED TEN  
25 OF THIS CHAPTER.

26 (M) "PUBLIC OFFERING" MEANS A STOCK OFFERING REQUIRED TO BE REGISTERED  
27 PURSUANT TO THE SECURITIES ACT OF 1933, UNITED STATES CODE, TITLE 15,  
28 SECTION 77E.

29 (N) "REORGANIZED INSURER" MEANS THE STOCK LIFE INSURER INTO WHICH A  
30 MUTUAL LIFE INSURER HAS BEEN REORGANIZED IN ACCORDANCE WITH THE  
31 PROVISIONS OF THIS ARTICLE.

32 (O) "REORGANIZING INSURER" MEANS, IN THE CASE OF A PLAN OF REORGANIZA-  
33 TION OF A MUTUAL LIFE INSURER UNDER THIS ARTICLE, THE MUTUAL LIFE INSUR-  
34 ER THAT IS REORGANIZING PURSUANT TO SUCH PLAN.

35 (P) "STOCK HOLDING COMPANY" MEANS A CORPORATION INCORPORATED UNDER THE  
36 LAWS OF ANY JURISDICTION IN THE UNITED STATES, AT LEAST FIFTY-ONE  
37 PERCENT OF THE VOTING STOCK OF WHICH IS OWNED, DIRECTLY OR THROUGH  
38 ANOTHER STOCK HOLDING COMPANY, BY A MUTUAL HOLDING COMPANY AND WHICH  
39 HOLDS, DIRECTLY OR INDIRECTLY, VOTING STOCK IN AT LEAST ONE REORGANIZED  
40 INSURER.

41 (Q) "VOTING SECURITY" INCLUDES VOTING SECURITIES AS DEFINED IN PARA-  
42 GRAPH FORTY-FIVE OF SUBSECTION (A) OF SECTION ONE HUNDRED SEVEN OF THIS  
43 CHAPTER, ANY REORGANIZATION CERTIFICATE OR SUBSCRIPTION (INCLUDING  
44 SUBSCRIPTION RIGHTS ISSUED PURSUANT TO A PLAN OF REORGANIZATION), OR ANY  
45 SECURITY CONVERTIBLE (WITH OR WITHOUT CONSIDERATION) INTO ANY SUCH SECU-  
46 RITY, OR CARRYING ANY WARRANT OR RIGHT TO SUBSCRIBE FOR OR PURCHASE ANY  
47 SUCH SECURITY, OR ANY SUCH WARRANT OR RIGHT.

48 (R) "VOTING STOCK" MEANS CAPITAL STOCK THAT CONSTITUTES VOTING SECURI-  
49 TIES AS DEFINED IN PARAGRAPH FORTY-FIVE OF SUBSECTION (A) OF SECTION ONE  
50 HUNDRED SEVEN OF THIS CHAPTER. ALL REFERENCES IN THIS ARTICLE TO A SPEC-  
51 IFIED PERCENTAGE OF THE VOTING STOCK OF ANY PERSON SHALL MEAN SECURITIES  
52 HAVING THE SPECIFIED PERCENTAGE OF THE VOTING POWER IN SUCH PERSON FOR  
53 THE ELECTION OF DIRECTORS, TRUSTEES OR MANAGEMENT OF SUCH PERSON OTHER  
54 THAN SECURITIES HAVING SUCH POWER ONLY BY REASON OF THE HAPPENING OF A  
55 CONTINGENCY.

1 S 8002. REORGANIZATION OF MUTUAL LIFE INSURER THROUGH FORMATION OF A  
2 MUTUAL HOLDING COMPANY; CONTENTS OF PLAN. (A) A MUTUAL LIFE INSURER  
3 HAVING ON THE ADOPTION DATE ADMITTED ASSETS OF LESS THAN TEN BILLION  
4 DOLLARS MAY BE REORGANIZED AS A DOMESTIC STOCK LIFE INSURER WITH A MUTU-  
5 AL HOLDING COMPANY BY COMPLYING WITH THE REQUIREMENTS OF THIS ARTICLE.  
6 (B) THE PLAN OF REORGANIZATION SHALL CONTAIN PROVISIONS FOR:  
7 (1) THE REORGANIZING INSURER BECOMING A DOMESTIC STOCK LIFE INSURER;  
8 (2) THE FORMATION OF A MUTUAL HOLDING COMPANY;  
9 (3) THE MEMBERS OF THE REORGANIZING INSURER BECOMING MEMBERS OF THE  
10 MUTUAL HOLDING COMPANY WITH MEMBERSHIP INTERESTS THEREIN, AND THE  
11 MEMBERSHIP INTERESTS IN THE REORGANIZING INSURER BEING EXTINGUISHED; AND  
12 (4) AT LEAST FIFTY-ONE PERCENT OF THE VOTING STOCK ISSUED BY THE REOR-  
13 GANIZED INSURER BEING ACQUIRED AND HELD, DIRECTLY OR THROUGH ONE OR MORE  
14 STOCK HOLDING COMPANIES, BY THE MUTUAL HOLDING COMPANY.  
15 (5) THE GENERAL TERMS FOR THE ESTABLISHMENT OF THE CLOSED BLOCK OR AN  
16 ALTERNATIVE PROVISION UNDER SUBSECTION (B) OF SECTION EIGHT THOUSAND  
17 THREE OF THIS ARTICLE AND THE PROPOSED DIVIDEND POLICY UNDER SUBSECTION  
18 (A) OF SECTION EIGHT THOUSAND THREE OF THIS ARTICLE; AND  
19 (6) A PLAN OF OPERATION FOR THE REORGANIZED INSURER INCLUDING FINAN-  
20 CIAL PROJECTIONS FOR A THREE-YEAR PERIOD AND A STATEMENT INDICATING ITS  
21 INTENTIONS WITH REGARD TO ISSUING ANY NONPARTICIPATING BUSINESS.  
22 (C) THE PLAN OF REORGANIZATION SHALL PROVIDE THAT THE REORGANIZATION  
23 WILL NOT CHANGE PREMIUMS OR REDUCE POLICY BENEFITS, VALUES OR GUARANTEES  
24 OR OTHER POLICY OBLIGATIONS OF THE MUTUAL LIFE INSURER, PROVIDED THAT  
25 THE PLAN OF REORGANIZATION MAY PROVIDE THAT THE REORGANIZED INSURER WILL  
26 BE ABLE TO MAKE SUCH CHANGES AND REDUCTIONS AS WOULD BE PERMITTED UNDER  
27 THIS CHAPTER IF THE MUTUAL LIFE INSURER WERE NOT A REORGANIZING INSURER  
28 UNDER THIS ARTICLE.  
29 (D) THE PLAN MAY PROVIDE FOR THE FORMATION OF ONE OR MORE STOCK HOLD-  
30 ING COMPANIES.  
31 (E) THE PLAN SHALL INCLUDE THE FOLLOWING AS EXHIBITS:  
32 (1) THE PROPOSED CHARTERS OR CERTIFICATES OF INCORPORATION OF THE  
33 REORGANIZED INSURER, THE MUTUAL HOLDING COMPANY AND ANY STOCK HOLDING  
34 COMPANY OR COMPANIES; AND  
35 (2) THE PROPOSED BY-LAWS OF THE REORGANIZED INSURER, THE MUTUAL HOLD-  
36 ING COMPANY AND ANY STOCK HOLDING COMPANY OR COMPANIES.  
37 S 8003. DIVIDEND PRACTICES. (A) FOLLOWING THE EFFECTIVE DATE OF THE  
38 PLAN, THE REORGANIZED INSURER MAY, WITH RESPECT TO ITS PARTICIPATING  
39 INDIVIDUAL POLICIES AND CONTRACTS, EITHER:  
40 (1) CONTINUE THE DIVIDEND PRACTICES OF THE REORGANIZING INSURER;  
41 (2) CONTINUE THE DIVIDEND PRACTICES OF THE REORGANIZING INSURER AND  
42 ADOPT SUCH OTHER DIVIDEND PRACTICES AS, AT THE EFFECTIVE DATE OR AT ANY  
43 TIME THEREAFTER, MAY BE PERMITTED UNDER APPLICABLE LAW OR REGULATION OR  
44 APPROVED BY THE SUPERINTENDENT; OR  
45 (3) ADOPT SUCH OTHER ALTERNATIVE WITH RESPECT TO DIVIDEND PRACTICES AS  
46 THE SUPERINTENDENT MAY APPROVE.  
47 (B) FOLLOWING THE EFFECTIVE DATE OF THE PLAN, THE REORGANIZED INSURER  
48 SHALL, ON OR BEFORE THE DATE ON WHICH THE MUTUAL HOLDING COMPANY HOLDS,  
49 DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE STOCK HOLDING COMPANIES, LESS  
50 THAN SEVENTY-FIVE PERCENT OF THE ISSUED AND OUTSTANDING VOTING STOCK OF  
51 THE REORGANIZED INSURER, EITHER:  
52 (1) (A) ESTABLISH A CLOSED BLOCK, FOR POLICYHOLDER DIVIDEND PURPOSES  
53 ONLY, CONSISTING OF ALL OF THE PARTICIPATING INDIVIDUAL POLICIES AND  
54 CONTRACTS OF THE MUTUAL LIFE INSURER OR THE REORGANIZED INSURER, AS THE  
55 CASE MAY BE, IN FORCE ON THE EFFECTIVE DATE AND FOR WHICH THE INSURER  
56 HAD AN EXPERIENCE-BASED DIVIDEND SCALE PAYABLE IN THE YEAR OF THE IMPL-

1 MENTATION DATE, TO WHICH CLOSED BLOCK, ON OR BEFORE THE IMPLEMENTATION  
2 DATE, SHALL BE ALLOCATED ASSETS OF THE INSURER IN AN AMOUNT THAT PRODUC-  
3 ES CASH FLOWS, TOGETHER WITH ANTICIPATED REVENUES FROM THE CLOSED BLOCK  
4 BUSINESS, EXPECTED TO BE SUFFICIENT TO SUPPORT THE CLOSED BLOCK BUSINESS  
5 INCLUDING PROVISION FOR PAYMENT OF CLAIMS AND THOSE EXPENSES AND TAXES  
6 SPECIFIED IN THE TERMS FOR THE ESTABLISHMENT OF THE CLOSED BLOCK AND TO  
7 PROVIDE FOR CONTINUATION OF THE DIVIDEND PRACTICES IN EFFECT ON THE  
8 EFFECTIVE DATE IF THE CLOSED BLOCK IS ESTABLISHED ON OR BEFORE THE ONE  
9 HUNDRED EIGHTIETH DAY AFTER THE EFFECTIVE DATE, OR OTHERWISE THE DIVI-  
10 DEND PRACTICES IN EFFECT ON THE IMPLEMENTATION DATE, PROVIDED, HOWEVER,  
11 THAT NO POLICIES OR CONTRACTS ENTERING INTO FORCE AFTER THE IMPLEMENTA-  
12 TION DATE WILL BE INCLUDED IN THE CLOSED BLOCK, AND PROVIDED, FURTHER,  
13 THAT, IN DETERMINING DIVIDEND PRACTICES OF THE REORGANIZING INSURER, THE  
14 SUPERINTENDENT SHALL REVIEW DIVIDEND SCALES IN EFFECT FOR AT LEAST TWO  
15 YEARS PRIOR TO THE FILING OF THE REORGANIZATION PLAN; AND

16 (B) THE TERMS FOR THE ESTABLISHMENT OF THE CLOSED BLOCK MAY PROVIDE  
17 FOR CONDITIONS UNDER WHICH, WITH THE APPROVAL OF THE SUPERINTENDENT, THE  
18 REORGANIZED INSURER MAY CEASE TO MAINTAIN THE CLOSED BLOCK AND ALLO-  
19 CATION OF ASSETS THERETO, BUT REGARDLESS OF SUCH A CESSATION THE POLI-  
20 CIES AND CONTRACTS CONSTITUTING CLOSED BLOCK BUSINESS SHALL REMAIN OBLI-  
21 GATIONS OF THE REORGANIZED INSURER AND ANY DIVIDENDS ON SUCH POLICIES  
22 AND CONTRACTS SHALL BE DETERMINED AND APPORTIONED BY THE BOARD OF DIREC-  
23 TORS OF THE REORGANIZED INSURER IN ACCORDANCE WITH THE TERMS OF SUCH  
24 POLICIES AND CONTRACTS AND APPLICABLE PROVISIONS OF THIS CHAPTER; OR

25 (2) PROVIDE AS TO PARTICIPATING INDIVIDUAL POLICIES AND CONTRACTS OF  
26 THE REORGANIZING OR REORGANIZED INSURER IN SUCH MANNER AS THE SUPER-  
27 INTENDENT MAY APPROVE.

28 (C) THE GENERAL TERMS FOR THE ESTABLISHMENT OF THE CLOSED BLOCK OR  
29 SUCH ALTERNATIVE PROVISION UNDER SUBSECTION (B) OF THIS SECTION AND THE  
30 PROPOSED DIVIDEND POLICY SHALL BE INCLUDED IN THE PLAN UNDER SECTION  
31 EIGHT THOUSAND TWO OF THIS ARTICLE.

32 (D) THE SUPERINTENDENT MAY APPOINT ONE OR MORE CONSULTANTS AS THE  
33 SUPERINTENDENT SHALL REASONABLY DEEM NECESSARY TO ADVISE THE SUPERINTEN-  
34 DENT REGARDING THE PROPOSED TERMS FOR THE ESTABLISHMENT OF THE CLOSED  
35 BLOCK OR THE ALTERNATIVE PROVISION UNDER SUBSECTION (A) OR (B) OF THIS  
36 SECTION; AND THE REORGANIZING INSURER SHALL BE RESPONSIBLE FOR THE  
37 REASONABLE FEES AND EXPENSES OF ANY SUCH CONSULTANTS.

38 (E) FOR PURPOSES OF THIS SECTION, "IMPLEMENTATION DATE" MEANS THE DATE  
39 AS OF WHICH THE CLOSED BLOCK IS ESTABLISHED, AS SPECIFIED IN THE TERMS  
40 FOR THE ESTABLISHMENT OF THE CLOSED BLOCK.

41 S 8004. ADOPTION OF PLAN; SUBMISSION OF PLAN TO THE SUPERINTENDENT.

42 (A) A MUTUAL LIFE INSURER SEEKING TO REORGANIZE UNDER THIS ARTICLE  
43 SHALL, BY ACTION OF THREE-FOURTHS OF ITS ENTIRE BOARD OF DIRECTORS,  
44 ADOPT A PLAN CONSISTENT WITH THE PROVISIONS OF SECTIONS EIGHT THOUSAND  
45 TWO AND EIGHT THOUSAND THREE OF THIS ARTICLE WHICH IS FAIR AND EQUITABLE  
46 TO THE POLICYHOLDERS. THE RESOLUTION SHALL SPECIFY THE REASONS FOR AND  
47 THE PURPOSES OF THE PROPOSED REORGANIZATION.

48 (B) THE PLAN SHALL BE SUBMITTED TO THE SUPERINTENDENT, TOGETHER WITH  
49 THE RESOLUTION OF THE BOARD OF DIRECTORS OF THE REORGANIZING INSURER,  
50 CERTIFIED BY THE SECRETARY THEREOF, ADOPTING THE PLAN PURSUANT TO THIS  
51 ARTICLE.

52 S 8005. AMENDMENT OR WITHDRAWAL OF PLAN. AT ANY TIME BEFORE THE PLAN  
53 OF REORGANIZATION BECOMES EFFECTIVE AS PROVIDED IN SECTION EIGHT THOU-  
54 SAND NINE OF THIS ARTICLE, THE REORGANIZING INSURER MAY, BY RESOLUTION  
55 OF A THREE-FOURTHS MAJORITY OF ITS ENTIRE BOARD OF DIRECTORS, AMEND THE  
56 PLAN OF REORGANIZATION OR WITHDRAW THE PLAN OF REORGANIZATION. IN THE

1 CASE OF A PLAN AMENDMENT, ALL REFERENCES IN THIS ARTICLE TO THE PLAN OF  
2 REORGANIZATION SHALL BE DEEMED TO REFER TO THE PLAN AS AMENDED, BUT NO  
3 AMENDMENT SHALL BE DEEMED TO CHANGE THE ADOPTION DATE OF THE PLAN OF  
4 REORGANIZATION. A FURTHER PUBLIC HEARING IS NOT NECESSARY UNLESS THE  
5 SUPERINTENDENT DETERMINES THAT AMENDMENTS SUBMITTED AFTER THE ORIGINAL  
6 HEARING REQUIRED UNDER SECTION EIGHT THOUSAND SEVEN OF THIS ARTICLE WILL  
7 SUBSTANTIALLY ALTER THE PLAN. IN THE EVENT THAT THE SUPERINTENDENT  
8 DETERMINES THAT THE AMENDMENT SUBSTANTIALLY ALTERS THE PLAN, THE PLAN AS  
9 AMENDED MUST BE SUBMITTED FOR RECONSIDERATION BY THE POLICYHOLDERS ENTI-  
10 TLED TO VOTE ON THE PLAN AS PROVIDED IN SECTION EIGHT THOUSAND EIGHT OF  
11 THIS ARTICLE.

12 S 8006. CONSULTANTS. THE SUPERINTENDENT MAY APPOINT ONE OR MORE  
13 CONSULTANTS AS THE SUPERINTENDENT SHALL REASONABLY DEEM NECESSARY TO  
14 ADVISE THE SUPERINTENDENT IN MAKING THE DETERMINATION WHETHER THE  
15 PROPOSED PLAN OF REORGANIZATION MEETS THE APPLICABLE REQUIREMENTS OF  
16 THIS ARTICLE. THE REORGANIZING INSURER SHALL BE RESPONSIBLE FOR THE  
17 REASONABLE FEES AND EXPENSES OF ANY SUCH CONSULTANTS. THIS EXPENDITURE  
18 SHALL NOT CONSTITUTE AN EXPENDITURE OF PUBLIC FUNDS PURSUANT TO THE  
19 STATE FINANCE LAW.

20 S 8007. APPROVAL OF PLAN BY SUPERINTENDENT; HEARING. THE SUPERINTEN-  
21 DENT SHALL ORDER A PUBLIC HEARING ON THE PLAN TO BE HELD PRIOR TO THE  
22 PLAN BEING SUBMITTED TO THE POLICYHOLDERS FOR THEIR APPROVAL. THE REOR-  
23 GANIZING INSURER SHALL GIVE WRITTEN NOTICE OF THE HEARING TO POLICYHOLD-  
24 ERS WHOSE POLICIES OR CONTRACTS ARE IN FORCE ON THE ADOPTION DATE, SENT  
25 BY MAIL OR ELECTRONIC TRANSMISSION TO THE LAST KNOWN MAILING OR ELEC-  
26 TRONIC ADDRESSES OF SUCH POLICYHOLDERS AS SHOWN ON THE RECORDS OF THE  
27 REORGANIZING INSURER. SUCH SUMMARY NOTICE SHALL BE SUBJECT TO THE  
28 APPROVAL OF THE SUPERINTENDENT, SHALL INCLUDE THE DATE, TIME AND PLACE  
29 OF THE HEARING, AND SHALL INCLUDE BOTH A WEBSITE ADDRESS AND A TOLL-FREE  
30 TELEPHONE NUMBER THROUGH WHICH MEMBERS MAY OBTAIN, IF NOT INCLUDED IN  
31 THE SUMMARY NOTICE, A FULL NOTICE OF THE HEARING AND EITHER A TRUE AND  
32 CORRECT COPY OF THE PLAN, OR A SUMMARY THEREOF APPROVED BY THE SUPER-  
33 INTENDENT, AND SUCH OTHER EXPLANATORY INFORMATION AS THE SUPERINTENDENT  
34 SHALL APPROVE OR REQUIRE. THE REORGANIZING INSURER SHALL ALSO POST A  
35 COPY OF SUCH NOTICE ON ITS WEBSITE. SUCH NOTICE SHALL BE SENT AT LEAST  
36 THIRTY DAYS BEFORE THE DATE SPECIFIED FOR THE HEARING. THE HEARING  
37 SHALL BE HELD AT A TIME AND LOCATION IN THIS STATE DEEMED BY THE SUPER-  
38 INTENDENT TO BE MOST CONVENIENT TO THE GREATEST NUMBER OF PERSONS  
39 AFFECTED BY SUCH PLAN. AT SUCH HEARING ANY PERSON MAY BE HEARD IN FAVOR  
40 OF, OR AGAINST, THE TERMS OF THE PLAN. THE PLAN OF REORGANIZATION SHALL  
41 BE MADE AVAILABLE FOR PUBLIC INSPECTION AT ONE OFFICE OF THE DEPARTMENT  
42 IN EACH CITY IN THIS STATE WHERE THE DEPARTMENT MAINTAINS AN OFFICE AND  
43 AT THE PRINCIPAL OFFICE OF THE REORGANIZING INSURER. THE SUPERINTENDENT  
44 SHALL APPROVE THE PLAN IF THE SUPERINTENDENT FINDS THAT:

45 (A) THE PLAN IS FAIR AND EQUITABLE TO POLICYHOLDERS;  
46 (B) THE PLAN DOES NOT VIOLATE THIS ARTICLE; AND  
47 (C) AFTER GIVING EFFECT TO THE REORGANIZATION, THE REORGANIZED INSURER  
48 WILL HAVE AN AMOUNT OF CAPITAL AND SURPLUS THE SUPERINTENDENT DEEMS TO  
49 BE REASONABLY NECESSARY FOR ITS FUTURE SOLVENCY.

50 S 8008. APPROVAL OF PLAN BY POLICYHOLDERS. (A) A PROPOSAL TO APPROVE  
51 THE PLAN OF REORGANIZATION SHALL BE SUBMITTED TO POLICYHOLDERS FOR  
52 APPROVAL. THE POLICYHOLDERS ENTITLED TO NOTICE OF AND TO VOTE UPON THE  
53 PROPOSAL SHALL BE THE HOLDERS OF POLICIES OR CONTRACTS WHICH ARE IN  
54 FORCE ON THE ADOPTION DATE. THE REORGANIZING INSURER SHALL GIVE WRITTEN  
55 NOTICE STATING THE DATE, TIME AND PLACE FOR VOTING ON SUCH PROPOSAL TO  
56 POLICYHOLDERS ENTITLED TO NOTICE OF AND TO VOTE ON THE PROPOSAL IN

1 ACCORDANCE WITH THIS SECTION, SENT BY MAIL OR ELECTRONIC TRANSMISSION TO  
2 THE LAST KNOWN MAILING OR ELECTRONIC ADDRESSES OF SUCH POLICYHOLDERS AS  
3 SHOWN ON THE RECORDS OF THE REORGANIZING INSURER. SUCH NOTICE SHALL BE  
4 SENT AT LEAST THIRTY DAYS BEFORE THE DATE OF THE PROPOSED VOTE TO  
5 APPROVE THE PLAN OF REORGANIZATION. SUCH NOTICE MAY BE COMBINED WITH THE  
6 SUMMARY NOTICE OF THE HEARING REQUIRED BY SECTION EIGHT THOUSAND SEVEN  
7 OF THIS ARTICLE. SUCH NOTICE SHALL BE SUBJECT TO THE APPROVAL OF THE  
8 SUPERINTENDENT AND SHALL INCLUDE BOTH A WEBSITE ADDRESS AND A TOLL-FREE  
9 TELEPHONE NUMBER THROUGH WHICH MEMBERS MAY OBTAIN EITHER A TRUE AND  
10 CORRECT COPY OF THE PLAN, OR A SUMMARY THEREOF APPROVED BY THE SUPER-  
11 INTENDENT, AND SUCH OTHER EXPLANATORY INFORMATION AS THE SUPERINTENDENT  
12 SHALL APPROVE OR REQUIRE.

13 (B) EACH POLICYHOLDER ENTITLED TO VOTE ON THE PROPOSAL SHALL BE ENTI-  
14 TLED TO CAST ONE VOTE, UNLESS OTHERWISE PROVIDED IN THE CHARTER OR  
15 BY-LAWS OF THE REORGANIZING INSURER, ON THE PROPOSAL, EITHER IN PERSON  
16 OR BY MAIL OR BY PROXY, IRRESPECTIVE OF THE NUMBER OR AMOUNT OF THE  
17 POLICIES OR CONTRACTS HE OR SHE HOLDS. EACH PROXY SHALL BE REVOCABLE AT  
18 ANY TIME, EXCEPT TO THE EXTENT THAT, AT THE TIME OF ATTEMPTED REVOCATION,  
19 THE POWER CONFERRED THEREBY HAS ALREADY BEEN PROPERLY EXERCISED.  
20 ALL VOTES SHALL BE BY WRITTEN BALLOT CAST IN PERSON OR BY MAIL OR BY  
21 ELECTRONIC MEANS BY POLICYHOLDERS ENTITLED TO VOTE OR BY PROXY AGENTS  
22 DULY APPOINTED BY POLICYHOLDERS ENTITLED TO VOTE. THE VOTING ON THE  
23 PROPOSAL SHALL BE HELD AT THE HOME OFFICE OF THE REORGANIZING INSURER.  
24 THE POLLS SHALL BE OPENED AT TEN O'CLOCK IN THE FORENOON AND REMAIN OPEN  
25 UNTIL FOUR O'CLOCK IN THE AFTERNOON OF THE DAY FIXED FOR SUCH VOTING, AT  
26 WHICH TIME THEY SHALL BE CLOSED.

27 (C) THE PROPOSAL TO APPROVE THE PLAN OF REORGANIZATION SHALL BE  
28 ADOPTED BY THE AFFIRMATIVE VOTE OF AT LEAST TWO-THIRDS OF ALL VOTES CAST  
29 BY POLICYHOLDERS ENTITLED TO VOTE.

30 (D) THE SUPERINTENDENT SHALL HAVE POWER TO PRESCRIBE RULES GOVERNING  
31 THE PROCEDURES FOR CONDUCT OF THE VOTING ON THE PROPOSAL.

32 (E) THE PROVISIONS OF SECTION FOUR THOUSAND TWO HUNDRED TEN OF THIS  
33 CHAPTER SHALL NOT APPLY TO THE ACTION BY POLICYHOLDERS PURSUANT TO THIS  
34 SECTION.

35 (F) UPON THE CONCLUSION OF THE VOTE, THE REORGANIZING INSURER SHALL  
36 SUBMIT TO THE SUPERINTENDENT:

37 (1) A CERTIFIED COPY OF THE PLAN OF REORGANIZATION, SUBSCRIBED BY THE  
38 CHAIRMAN OF THE BOARD, THE PRESIDENT OR ANY VICE PRESIDENT AND ATTESTED  
39 BY THE SECRETARY OR AN ASSISTANT SECRETARY OF THE REORGANIZING INSURER;

40 (2) A CERTIFICATE, SUBSCRIBED BY THE CHAIRMAN OF THE BOARD, THE PRESI-  
41 DENT OR ANY VICE PRESIDENT AND ATTESTED BY THE SECRETARY OR ASSISTANT  
42 SECRETARY OF THE REORGANIZING INSURER, OR SUBSCRIBED BY THE PERSON OR  
43 PERSONS, IF ANY, DESIGNATED BY THE SUPERINTENDENT TO SUPERVISE THE  
44 GIVING OF NOTICE OF THE DATE FOR ACTION ON THE PROPOSAL, TO THE EFFECT  
45 THAT SUCH NOTICE WAS GIVEN IN ACCORDANCE WITH THIS SECTION TO ALL POLI-  
46 CYHOLDERS ENTITLED TO SUCH NOTICE; AND

47 (3) A CERTIFICATE SUBSCRIBED BY AN OFFICER OF THE REORGANIZING INSURER  
48 OF THE RESULTS OF THE VOTE, AS EVIDENCED BY VALID BALLOTS RECEIVED  
49 BEFORE THE POLLS WERE CLOSED.

50 EACH SUCH CERTIFICATE SHALL BE AFFIRMED AS TRUE UNDER THE PENALTIES OF  
51 PERJURY BY THE PERSON OR PERSONS SUBSCRIBING THE SAME AND, IN THE CASE  
52 OF A CERTIFICATE SIGNED BY OFFICERS OF THE REORGANIZING INSURER, SHALL  
53 BE AFFIRMED UNDER THE CORPORATE SEAL OF THE REORGANIZING INSURER.

54 S 8009. FILING OF PLAN; EFFECTIVE DATE OF REORGANIZATION. (A) WHEN THE  
55 SUPERINTENDENT HAS GIVEN HIS OR HER APPROVAL OF THE PLAN OF REORGANIZA-  
56 TION AS PROVIDED IN SECTION EIGHT THOUSAND SEVEN OF THIS ARTICLE, AND

1 CERTIFICATION OF APPROVAL OF THE PLAN BY POLICYHOLDERS ENTITLED TO VOTE  
2 ON THE PLAN HAS BEEN MADE TO THE SUPERINTENDENT AS PROVIDED IN SECTION  
3 EIGHT THOUSAND EIGHT OF THIS ARTICLE, A COPY OF THE PLAN OF REORGANIZA-  
4 TION, WITH THE SUPERINTENDENT'S APPROVAL ENDORSED THEREON, SHALL BE  
5 FILED IN THE OFFICE OF THE SUPERINTENDENT. A COPY OF SUCH PLAN CERTIFIED  
6 BY THE SUPERINTENDENT SHALL ALSO BE FILED BY THE REORGANIZING INSURER IN  
7 THE OFFICE OF THE CLERK OF THE COUNTY WHERE THE PRINCIPAL OFFICE OF THE  
8 REORGANIZING INSURER IS LOCATED WITHIN THIRTY DAYS AFTER THE SUPERINTEN-  
9 DENT'S APPROVAL.

10 (B) THE PLAN OF REORGANIZATION SHALL TAKE EFFECT IN ACCORDANCE WITH  
11 ITS TERMS ON THE DATE AND AT THE TIME WHEN THE FILING IN THE OFFICE OF  
12 THE SUPERINTENDENT REQUIRED BY THIS SECTION HAS BEEN MADE OR ON SUCH  
13 LATER DATE OR AT SUCH LATER TIME, IF ANY, AS MAY HAVE BEEN SPECIFIED IN  
14 OR DETERMINED IN ACCORDANCE WITH THE PLAN OR PURSUANT THERETO.

15 (C) AS OF THE EFFECTIVE DATE, THE SUPERINTENDENT SHALL ISSUE AN  
16 AMENDED CERTIFICATE OF AUTHORITY TO THE REORGANIZED INSURER, AND, IF THE  
17 PLAN OF REORGANIZATION SPECIFIES THAT THE REORGANIZED INSURER PROPOSES  
18 TO CONTINUE TO ISSUE FOR DELIVERY IN THIS STATE PARTICIPATING POLICIES  
19 OR CONTRACTS, THE SUPERINTENDENT SHALL, IN ACCORDANCE WITH SUBSECTION  
20 (F) OF SECTION FOUR THOUSAND TWO HUNDRED THIRTY-ONE OF THIS CHAPTER,  
21 ISSUE A PERMIT AUTHORIZING IT TO DO SO.

22 S 8010. EFFECT OF REORGANIZATION. UPON THE EFFECTIVE DATE OF A PLAN OF  
23 REORGANIZATION IN ACCORDANCE WITH SECTION EIGHT THOUSAND NINE OF THIS  
24 ARTICLE:

25 (A) THE REORGANIZING INSURER SHALL IMMEDIATELY BECOME A DOMESTIC STOCK  
26 LIFE INSURER;

27 (B) THE MEMBERS OF THE REORGANIZING INSURER ON THE EFFECTIVE DATE  
28 SHALL IMMEDIATELY BECOME MEMBERS OF THE MUTUAL HOLDING COMPANY WITH  
29 MEMBERSHIP INTERESTS THEREIN, AND ALL MEMBERSHIP INTERESTS IN THE REOR-  
30 GANIZING INSURER SHALL BE EXTINGUISHED;

31 (C) PERSONS BECOMING POLICYHOLDERS OF THE REORGANIZED INSURER AFTER  
32 THE EFFECTIVE DATE OF THE PLAN SHALL BECOME MEMBERS OF THE MUTUAL HOLD-  
33 ING COMPANY IMMEDIATELY UPON ISSUANCE OF THE POLICY OR CONTRACT;

34 (D) ONE HUNDRED PERCENT OF THE VOTING STOCK ISSUED BY THE REORGANIZED  
35 INSURER SHALL BE OWNED, DIRECTLY OR THROUGH ONE OR MORE STOCK HOLDING  
36 COMPANIES, BY THE MUTUAL HOLDING COMPANY, AND AT NO TIME SUBSEQUENT  
37 SHALL SUCH MUTUAL HOLDING COMPANY OWN LESS THAN FIFTY-ONE PERCENT OF  
38 SUCH VOTING STOCK; AND

39 (E) ANY OTHER REORGANIZATION OF THE REORGANIZING INSURER AND ITS  
40 SUBSIDIARIES SPECIFIED IN THE PLAN SHALL BECOME EFFECTIVE IN ACCORDANCE  
41 WITH THE TERMS OF THE PLAN. EXCEPT FOR THE RIGHT TO VOTE, THE RIGHTS OF  
42 ALL POLICYHOLDERS WITH RESPECT TO THE REORGANIZED INSURER THEREAFTER  
43 SHALL BE AS SPECIFIED IN THEIR POLICIES OR CONTRACTS, IN THE CHARTER OF  
44 THE REORGANIZED INSURER AND IN THE PLAN OF REORGANIZATION.

45 S 8011. CORPORATE EXISTENCE. (A) THE REORGANIZED INSURER SHALL BE A  
46 CONTINUATION OF THE REORGANIZING INSURER, AND THE REORGANIZATION SHALL  
47 IN NO WAY ANNUL, MODIFY OR CHANGE ANY OF SUCH INSURER'S EXISTING SUITS,  
48 RIGHTS, CONTRACTS OR LIABILITIES EXCEPT AS PROVIDED IN THE APPROVED PLAN  
49 OF REORGANIZATION. ALL RIGHTS, FRANCHISES AND INTERESTS OF THE REORGAN-  
50 IZING INSURER IN AND TO EVERY SPECIES OF PROPERTY, REAL, PERSONAL AND  
51 MIXED, AND THINGS IN ACTION THEREUNTO BELONGING, SHALL BE VESTED IN THE  
52 CONTINUING COMPANY, WITHOUT ANY DEED OR TRANSFER, AND SIMULTANEOUSLY  
53 THEREWITH SUCH CONTINUING COMPANY SHALL BE SUBJECT TO ALL OF THE OBLI-  
54 GATIONS AND LIABILITIES OF THE REORGANIZING INSURER, OTHER THAN OBLI-  
55 GATIONS AND LIABILITIES WITH RESPECT TO THE POLICYHOLDERS' MEMBERSHIP  
56 INTERESTS EXTINGUISHED BY THE PLAN OF REORGANIZATION.

1 (B) NO ACTION OR PROCEEDING PENDING AT THE TIME OF THE REORGANIZATION  
2 TO WHICH THE REORGANIZING INSURER MAY BE A PARTY SHALL BE ABATED OR  
3 DISCONTINUED BY REASONS OF SUCH REORGANIZATION, BUT THE SAME MAY BE  
4 PROSECUTED TO FINAL JUDGMENT IN THE SAME MANNER AS IF THE REORGANIZATION  
5 HAD NOT TAKEN PLACE, OR THE REORGANIZED INSURER MAY BE SUBSTITUTED IN  
6 PLACE OF SUCH REORGANIZING INSURER BY ORDER OF THE COURT IN WHICH THE  
7 ACTION OR PROCEEDING MAY BE PENDING.

8 S 8012. DIRECTORS AND OFFICERS. EXCEPT AS OTHERWISE PROVIDED IN THE  
9 PLAN OF REORGANIZATION AND SUBJECT TO SUBSECTION (D) OF SECTION EIGHT  
10 THOUSAND SEVENTEEN OF THIS ARTICLE, THE DIRECTORS AND OFFICERS OF THE  
11 REORGANIZING INSURER SHALL SERVE AS DIRECTORS AND OFFICERS OF THE REOR-  
12 GANIZED INSURER, ANY STOCK HOLDING COMPANY AND THE MUTUAL HOLDING COMPA-  
13 NY UNTIL NEW DIRECTORS AND OFFICERS HAVE BEEN DULY ELECTED AND QUALIFIED  
14 PURSUANT TO THE CHARTER OR CERTIFICATE OF INCORPORATION AND THE BY-LAWS  
15 OF THE RESPECTIVE COMPANIES.

16 S 8013. NOTICE OF PROPOSED REORGANIZATION. (A) IN ADDITION TO THE  
17 NOTICES GIVEN PURSUANT TO SECTION EIGHT THOUSAND EIGHT OF THIS ARTICLE,  
18 THE REORGANIZING INSURER SHALL GIVE WRITTEN NOTICE OF THE PENDENCY OF  
19 THE PROPOSED REORGANIZATION AND OF THE EFFECT THEREOF TO ALL PERSONS TO  
20 WHOM THE REORGANIZING INSURER DELIVERS POLICIES OR CONTRACTS WHICH ARE  
21 ISSUED AFTER THE ADOPTION DATE AND BEFORE THE PLAN TAKES EFFECT OR IS  
22 WITHDRAWN, SENT BY MAIL OR ELECTRONIC TRANSMISSION TO THE LAST KNOWN  
23 MAILING OR ELECTRONIC ADDRESSES OF SUCH POLICYHOLDERS AS SHOWN ON THE  
24 RECORDS OF THE REORGANIZING INSURER. EXCEPT AS OTHERWISE PROVIDED IN  
25 THIS SECTION, SUCH PERSONS SHALL HAVE THE RIGHT, UNLESS THE LAWS OF  
26 THEIR DOMICILIARY STATE PROVIDE OTHERWISE, TO RESCIND SUCH POLICIES OR  
27 CONTRACTS, AND TO BE REFUNDED ANY AMOUNTS PAID WITH RESPECT THERETO, BY  
28 WRITTEN NOTICE TO SUCH INSURER OR ITS AGENT GIVEN WITHIN TEN DAYS OF  
29 THEIR RECEIPT OF THE AFORESAID NOTICE GIVEN BY SUCH INSURER.

30 (B) NEITHER THE RECEIPT OF SUCH POLICY OR CONTRACT NOR THE RIGHT TO  
31 RECEIVE SUCH NOTICE SHALL ENTITLE SUCH PERSONS TO VOTE ON THE PROPOSED  
32 PLAN OF REORGANIZATION PURSUANT TO SECTION EIGHT THOUSAND EIGHT OF THIS  
33 ARTICLE OR VEST SUCH PERSONS WITH ANY OTHER RIGHTS ENTITLEMENTS EXCEPT  
34 AS PROVIDED FOR IN THIS ARTICLE.

35 (C) WHERE, PRIOR TO THE ISSUANCE OF A POLICY OR CONTRACT, THE REORGAN-  
36 IZING INSURER PROVIDES THE PROSPECTIVE POLICYHOLDERS WITH NOTICE OF THE  
37 PENDENCY OF THE PROPOSED REORGANIZATION AND OF THE EFFECT THEREOF, WHICH  
38 NOTICE HAS BEEN APPROVED FOR SUCH PURPOSE BY THE SUPERINTENDENT, THEN,  
39 UNLESS THE LAWS OF THE POLICYHOLDER'S DOMICILIARY STATE OTHERWISE  
40 REQUIRE, SUCH POLICYHOLDERS SHALL NOT HAVE THE FOREGOING RIGHTS OF  
41 RESCISSION AND REFUND.

42 S 8014. FAILURE TO GIVE NOTICE. IF THE REORGANIZING INSURER COMPLIES  
43 SUBSTANTIALLY AND IN GOOD FAITH WITH THE REQUIREMENTS OF THIS ARTICLE  
44 WITH RESPECT TO THE GIVING OF ANY REQUIRED NOTICE TO POLICYHOLDERS, ITS  
45 FAILURE IN ANY CASE TO GIVE SUCH NOTICE TO ANY PERSON OR PERSONS ENTI-  
46 TLED THERETO SHALL NOT IMPAIR THE VALIDITY OF THE ACTIONS AND  
47 PROCEEDINGS TAKEN UNDER THIS ARTICLE OR ENTITLE SUCH PERSON TO ANY  
48 INJUNCTIVE OR OTHER EQUITABLE RELIEF WITH RESPECT THERETO, BUT THIS  
49 SECTION SHALL NOT IMPAIR ANY CLAIM FOR DAMAGES SUCH PERSON OR PERSONS  
50 WOULD OTHERWISE HAVE DUE TO SUCH FAILURE.

51 S 8015. LIMITATIONS OF ACTIONS; SECURITY. (A) NOTWITHSTANDING ANY  
52 OTHER PROVISION OF LAW TO THE CONTRARY AND EXCEPT AS OTHERWISE PROVIDED  
53 IN SUBSECTION (C) OR (D) OF THIS SECTION, ACTIONS CONCERNING OR ARISING  
54 OUT OF ANY PLAN OF REORGANIZATION, PROPOSED PLAN OF REORGANIZATION, PLAN  
55 AMENDMENT OR PROPOSED PLAN AMENDMENT UNDER THIS ARTICLE OR ANY ACTS  
56 TAKEN OR PROPOSED TO BE TAKEN UNDER THIS ARTICLE MUST BE COMMENCED WITH

1 EIGHTEEN MONTHS AFTER THE PLAN OF REORGANIZATION OR PLAN AMENDMENT IS  
2 FILED PURSUANT TO SUBSECTION (A) OF SECTION EIGHT THOUSAND NINE OF THIS  
3 ARTICLE OR THE CHARTER IS FILED PURSUANT TO SUBSECTION (C) OF SECTION  
4 EIGHT THOUSAND SEVENTEEN OF THIS ARTICLE, AS THE CASE MAY BE, IN THE  
5 OFFICE OF THE SUPERINTENDENT OR ONE YEAR FROM THE EFFECTIVE DATE OF THE  
6 PLAN OF REORGANIZATION, WHICHEVER IS LATER, OR IF THE PLAN OF REORGAN-  
7 IZATION OR PLAN AMENDMENT IS WITHDRAWN, WITHIN ONE YEAR FROM THE DATE  
8 THE BOARD OF DIRECTORS APPROVES A RESOLUTION TO WITHDRAW THE PLAN. WHERE  
9 AN ACTION CONCERNS OR ARISES OUT OF A PLAN AMENDMENT OR PROPOSED PLAN  
10 AMENDMENT MADE UNDER SECTION EIGHT THOUSAND FIVE OF THIS ARTICLE, THE  
11 APPLICABLE TIME PERIOD IS MEASURED FROM THE FILING, EFFECTIVE DATE OR  
12 APPROVAL OF WITHDRAWAL OF THE PLAN AMENDMENT, AS THE CASE MAY BE. WHERE  
13 THE ACTION ARISES OUT OF EITHER A TRANSFER OF SUBSIDIARIES PURSUANT TO  
14 SECTION EIGHT THOUSAND TWENTY OF THIS ARTICLE OR A SALE OF SECURITIES OF  
15 THE REORGANIZED INSURER OR ANY STOCK HOLDING COMPANY PURSUANT TO SECTION  
16 EIGHT THOUSAND EIGHTEEN OF THIS ARTICLE, WHICH TRANSFER OR SALE IS NOT  
17 CONTEMPLATED BY THE PLAN, THEN THE APPLICABLE TIME PERIOD SHALL BE MEAS-  
18 URED FROM THE EFFECTIVE DATE OF SUCH TRANSFER OR SALE, AS THE CASE MAY  
19 BE. WHERE THE ACTION ARISES OUT OF THE TERMS OR PROPOSED TERMS FOR THE  
20 ESTABLISHMENT OF THE CLOSED BLOCK OR SUCH ALTERNATIVE PROVISION PURSUANT  
21 TO SUBSECTION (B) OF SECTION EIGHT THOUSAND THREE OF THIS ARTICLE, THEN  
22 THE APPLICABLE TIME PERIOD SHALL BE MEASURED FROM THE IMPLEMENTATION  
23 DATE AS DEFINED IN SUBSECTION (E) OF SECTION EIGHT THOUSAND THREE OF  
24 THIS ARTICLE. WHERE THE ACTION CONCERNS OR ARISES OUT OF A PLAN OF REOR-  
25 GANIZATION ADOPTED PURSUANT TO SECTION EIGHT THOUSAND NINETEEN OF THIS  
26 ARTICLE, THEN THE APPLICABLE TIME PERIOD SHALL BE MEASURED FROM THE  
27 EFFECTIVE DATE OF THE PLAN OF REORGANIZATION.

28 (B) IN ANY ACTION REFERRED TO IN SUBSECTION (A) OF THIS SECTION, THE  
29 PLAINTIFF OR PLAINTIFFS SHALL BE REQUIRED, UPON A MOTION OF THE MUTUAL  
30 HOLDING COMPANY, REORGANIZING INSURER OR REORGANIZED INSURER OR ANY  
31 STOCK HOLDING COMPANY WHICH ESTABLISHES TO THE SATISFACTION OF THE  
32 COURT, THAT A SUBSTANTIAL LIKELIHOOD EXISTS THAT SUCH ACTION IS BROUGHT  
33 WITHOUT MERIT AND WITH AN INTENTION TO DELAY OR HARASS, TO GIVE ADEQUATE  
34 SECURITY FOR THE DAMAGES AND REASONABLE EXPENSES, INCLUDING ATTORNEYS'  
35 FEES, WHICH MAY BE INCURRED AS A RESULT OF, OR IN CONNECTION WITH, SUCH  
36 ACTION BY SUCH COMPANY AND BY ANY OTHER DEFENDANTS IN SUCH ACTION OR FOR  
37 WHICH SUCH COMPANY MAY BECOME LIABLE, TO WHICH SECURITY THE MUTUAL HOLD-  
38 ING COMPANY, REORGANIZING INSURER OR REORGANIZED INSURER OR ANY STOCK  
39 HOLDING COMPANY SHALL HAVE RECOURSE IN SUCH AMOUNT AS THE COURT DETER-  
40 MINES UPON THE TERMINATION OF SUCH ACTION. THE AMOUNT OF SECURITY MAY  
41 FROM TIME TO TIME BE INCREASED OR DECREASED IN THE DISCRETION OF THE  
42 COURT UPON A SHOWING THAT THE SECURITY PROVIDED HAS OR MAY BE INADEQUATE  
43 OR EXCESSIVE.

44 (C) NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, ANY  
45 ACTION SEEKING A STAY, RESTRAINING ORDER, INJUNCTION OR SIMILAR REMEDY  
46 TO PREVENT OR DELAY THE CLOSING OF ANY TRANSACTION PURSUANT TO THIS  
47 ARTICLE OR OF ANY TRANSACTION DESCRIBED IN THE PLAN OF REORGANIZATION  
48 MUST BE COMMENCED WITHIN ONE HUNDRED TWENTY DAYS AFTER, AS APPLICABLE:  
49 (1) THE APPROVAL OF A PLAN OF REORGANIZATION BY THE SUPERINTENDENT  
50 PURSUANT TO SECTION EIGHT THOUSAND SEVEN OR EIGHT THOUSAND NINETEEN OF  
51 THIS ARTICLE, AS THE CASE MAY BE; OR (2) THE APPROVAL OF THE SUPERINTEN-  
52 DENT PURSUANT TO SECTION EIGHT THOUSAND TWENTY OF THIS ARTICLE.

53 (D) ANY ACTION OR PROCEEDING AGAINST THE SUPERINTENDENT OR ANY OTHER  
54 GOVERNMENTAL BODY OR OFFICER IN CONNECTION WITH ANY ACT TAKEN OR ORDER,  
55 REGULATION OR RULE ISSUED PURSUANT TO THIS ARTICLE MUST BE COMMENCED

1 WITHIN ONE HUNDRED TWENTY DAYS FROM THE DATE OF SUCH ACT OR SIGNING OF  
2 SUCH ORDER, REGULATION OR RULE.

3 (E) ANY PERSON AGGRIEVED BY ANY ACT TAKEN OR ORDER, REGULATION OR RULE  
4 ISSUED PURSUANT TO THIS ARTICLE MAY PETITION FOR JUDICIAL REVIEW IN THE  
5 MANNER PROVIDED BY ARTICLE SEVENTY-EIGHT OF THE CIVIL PRACTICE LAW AND  
6 RULES, PURSUANT TO THE LIMITATIONS PERIOD PRESCRIBED IN SUBSECTION (D)  
7 OF THIS SECTION. THE PETITION SHALL BE BROUGHT IN THE JUDICIAL DEPART-  
8 MENT EMBRACING THE COUNTY WHEREIN THE ACT WAS TAKEN OR THE ORDER, REGU-  
9 LATION OR RULE WAS ISSUED. ALL SUCH PROCEEDINGS SHALL BE HEARD AND  
10 DETERMINED AS EXPEDITIOUSLY AS POSSIBLE AND WITH LAWFUL PRECEDENCE OVER  
11 OTHER MATTERS. ACTS TAKEN OR ORDERS, REGULATIONS OR RULES ISSUED PURSU-  
12 ANT TO THIS ARTICLE SHALL NOT BE STAYED OR ENJOINED EXCEPT UPON APPLICA-  
13 TION AFTER NOTICE TO THE SUPERINTENDENT AND TO THE ATTORNEY GENERAL AND  
14 UPON A SHOWING THAT THE PETITIONER HAS A SUBSTANTIAL LIKELIHOOD OF  
15 SUCCESS AND WILL SUFFER IRREPARABLE HARM IF THE STAY OR INJUNCTION IS  
16 NOT GRANTED.

17 S 8016. PROHIBITED TRANSACTIONS BY OFFICERS, DIRECTORS AND EMPLOYEES.  
18 NO DIRECTOR, OFFICER, AGENT OR EMPLOYEE OF THE REORGANIZING INSURER  
19 SHALL RECEIVE ANY FEE, COMMISSION OR OTHER VALUABLE CONSIDERATION WHAT-  
20 SOEVER, OTHER THAN REGULAR SALARY AND COMPENSATION, FOR IN ANY MANNER  
21 AIDING, PROMOTING OR ASSISTING IN THE REORGANIZATION EXCEPT AS SET FORTH  
22 IN THE PLAN APPROVED BY THE SUPERINTENDENT.

23 S 8017. REQUIREMENTS APPLICABLE TO A MUTUAL HOLDING COMPANY. (A) THE  
24 FOLLOWING PROVISIONS OF THIS ARTICLE ARE APPLICABLE TO A MUTUAL HOLDING  
25 COMPANY:

26 (1) THE FOLLOWING PROVISIONS OF ARTICLE TWELVE OF THIS CHAPTER SHALL  
27 APPLY TO A MUTUAL HOLDING COMPANY AS THOUGH IT WERE A DOMESTIC MUTUAL  
28 INSURER: SECTION ONE THOUSAND TWO HUNDRED ONE OF THIS CHAPTER TO THE  
29 EXTENT PROVIDED IN SUBSECTION (C) OF THIS SECTION AND SECTIONS ONE THOU-  
30 SAND TWO HUNDRED TWO, ONE THOUSAND TWO HUNDRED SIX, ONE THOUSAND TWO  
31 HUNDRED EIGHT, ONE THOUSAND TWO HUNDRED NINE, ONE THOUSAND TWO HUNDRED  
32 TWELVE AND ONE THOUSAND TWO HUNDRED FIFTEEN THROUGH ONE THOUSAND TWO  
33 HUNDRED NINETEEN OF THIS CHAPTER;

34 (2) THE PROVISIONS OF THE BUSINESS CORPORATION LAW THAT ARE APPLICABLE  
35 TO A DOMESTIC MUTUAL LIFE INSURER SHALL APPLY TO A MUTUAL HOLDING COMPA-  
36 NY AS THOUGH IT WERE A DOMESTIC MUTUAL INSURER; AND

37 (3) THE PROVISIONS OF SECTION FOUR THOUSAND TWO HUNDRED TEN OF THIS  
38 CHAPTER APPLICABLE TO A DOMESTIC MUTUAL LIFE INSURER SHALL BE APPLIED TO  
39 A MUTUAL HOLDING COMPANY AS THOUGH ITS MEMBERS WERE VOTING POLICYHOLDERS  
40 OF A MUTUAL LIFE INSURER.

41 (B) A MUTUAL HOLDING COMPANY SHALL NOT DISSOLVE, LIQUIDATE OR WIND UP  
42 AND DISSOLVE EXCEPT THROUGH PROCEEDINGS UNDER SECTION EIGHT THOUSAND  
43 NINETEEN OF THIS ARTICLE, ARTICLE SEVENTY-FOUR OF THIS CHAPTER FOR THE  
44 LIQUIDATION OR DISSOLUTION OF THE REORGANIZED INSURER OR AS THE SUPER-  
45 INTENDENT MAY OTHERWISE APPROVE. IN THE EVENT ANY PROCEEDINGS ARE INSTI-  
46 TUTED UNDER ARTICLE SEVENTY-FOUR OF THIS CHAPTER FOR THE COMPLETE LIQUI-  
47 DATION OF REORGANIZED INSURER PURSUANT TO THIS ARTICLE:

48 (1) THE MUTUAL HOLDING COMPANY FORMED AS PART OF SUCH REORGANIZATION  
49 SHALL AUTOMATICALLY BECOME A PARTY TO SUCH PROCEEDINGS;

50 (2) ALL OF THE MUTUAL HOLDING COMPANY'S ASSETS (INCLUDING ITS HOLDINGS  
51 OF SHARES IN THE REORGANIZED INSURER OR ANY STOCK HOLDING COMPANY) SHALL  
52 BE DEEMED ASSETS OF THE ESTATE OF THE DOMESTIC STOCK LIFE INSURER TO THE  
53 EXTENT NECESSARY TO SATISFY CLAIMS OF PERSONS WHO HAVE CLASS ONE, CLASS  
54 TWO, CLASS THREE OR CLASS FOUR CLAIMS UNDER SUBSECTION (A) OF SECTION  
55 SEVEN THOUSAND FOUR HUNDRED THIRTY-FIVE OF THIS CHAPTER WITH RESPECT TO  
56 SUCH DOMESTIC STOCK LIFE INSURER; AND

1 (3) MEMBERS OF THE MUTUAL HOLDING COMPANY SHALL BE DEEMED TO HOLD  
2 CLASS EIGHT CLAIMS WITH RESPECT TO THE MUTUAL HOLDING COMPANY UNDER  
3 SUBSECTION (A) OF SECTION SEVEN THOUSAND FOUR HUNDRED THIRTY-FIVE OF  
4 THIS CHAPTER.

5 (C) THE CHARTER OF THE MUTUAL HOLDING COMPANY SHALL BE FILED WITH THE  
6 SUPERINTENDENT AND SHALL CONTAIN THE MATTERS REQUIRED TO BE CONTAINED IN  
7 THE CHARTER OF A DOMESTIC MUTUAL LIFE INSURER BY SECTION ONE THOUSAND  
8 TWO HUNDRED ONE OF THIS CHAPTER, EXCEPT THAT THE NAME OF THE MUTUAL  
9 HOLDING COMPANY SHALL CONTAIN THE WORD "MUTUAL" AND SHALL NOT CONTAIN  
10 THE WORD "INSURANCE," "ASSURANCE" OR "ANNUITY" AND THE COMPANY'S POWERS  
11 SHALL NOT INCLUDE DOING AN INSURANCE BUSINESS. THE CHARTER SHALL CONTAIN  
12 PROVISIONS STATING THAT:

13 (1) IT IS A MUTUAL HOLDING COMPANY ORGANIZED UNDER THIS ARTICLE;

14 (2) A PURPOSE SHALL BE TO HOLD, DIRECTLY OR THROUGH ONE OR MORE STOCK  
15 HOLDING COMPANIES, NOT LESS THAN FIFTY-ONE PERCENT OF THE VOTING STOCK  
16 OF A REORGANIZED INSURER;

17 (3) IT SHALL NOT BE AUTHORIZED TO ISSUE VOTING STOCK;

18 (4) IT SHALL NOT BE AUTHORIZED TO CONDUCT ANY BUSINESS OTHER THAN THAT  
19 OF A HOLDING COMPANY, EXCEPT FOR THE ACQUISITION, OWNERSHIP, MANAGEMENT  
20 AND DISPOSITION OF ITS ASSETS AND ALL ACTIONS REASONABLY INCIDENT THERE-  
21 TO; AND

22 (5) IT SHALL HAVE MEMBERS HAVING THE RIGHTS SPECIFIED IN THIS SECTION  
23 AND SECTION EIGHT THOUSAND TEN OF THIS ARTICLE AND IN ITS CHARTER AND  
24 BY-LAWS. THE CHARTER SHALL ALSO CONTAIN PROVISIONS SETTING FORTH ANY  
25 RIGHTS OF MEMBERS OF THE MUTUAL HOLDING COMPANY IN THE SURPLUS OF THE  
26 MUTUAL HOLDING COMPANY.

27 (D) AT LEAST TWO-THIRDS OF THE DIRECTORS OF THE MUTUAL HOLDING COMPANY  
28 AND OF ANY STOCK HOLDING COMPANY, ALL OF THE MEMBERS OF THE COMPENSATION  
29 COMMITTEE OF THE BOARD OF DIRECTORS OF THE MUTUAL HOLDING COMPANY AND OF  
30 ANY STOCK HOLDING COMPANY, AT LEAST TWO-THIRDS OF THE MEMBERS OF ANY  
31 COMMITTEE RESPONSIBLE FOR MAKING DECISIONS AFFECTING THE CAPITAL STRUC-  
32 TURE OR MERGERS AND ACQUISITIONS, AND A MAJORITY OF THE DIRECTORS ON  
33 EACH OTHER COMMITTEE OF THE BOARD OF DIRECTORS OF THE MUTUAL HOLDING  
34 COMPANY AND ANY STOCK HOLDING COMPANY SHALL BE OUTSIDE DIRECTORS. THE  
35 AGGREGATE PERCENTAGE OF VOTING SECURITIES OF THE REORGANIZED INSURER  
36 DIRECTLY OR INDIRECTLY OWNED, CONTROLLED OR HELD WITH THE POWER TO VOTE,  
37 EITHER PERSONALLY OR BY PERSONS (OTHER THAN THE MUTUAL HOLDING COMPANY  
38 AND ANY STOCK HOLDING COMPANY) OF WHICH THEY ARE DIRECTORS, OFFICERS OR  
39 EMPLOYEES, BY OUTSIDE DIRECTORS, SHALL NOT EXCEED THREE PERCENT OR SUCH  
40 LESSER PERCENTAGE AS MAY BE DETERMINED BY THE SUPERINTENDENT IN HIS OR  
41 HER APPROVAL OF THE MUTUAL HOLDING COMPANY'S PLAN OF REORGANIZATION  
42 PURSUANT TO THIS ARTICLE. THE BY-LAWS OF THE MUTUAL HOLDING COMPANY AND  
43 ANY STOCK HOLDING COMPANY SHALL PROVIDE THAT THE AFFIRMATIVE VOTE OF AT  
44 LEAST TWO-THIRDS OF THE BOARD OF DIRECTORS OF SUCH COMPANY SHALL BE  
45 REQUIRED FOR ANY ACTION BY SUCH COMPANY TO ADOPT A PLAN OF CONVERSION  
46 PURSUANT TO SECTION EIGHT THOUSAND NINETEEN OF THIS ARTICLE, ENTER INTO  
47 A MERGER, CONDUCT A PUBLIC OFFERING OR AUTHORIZE THE ISSUANCE OF ANY  
48 VOTING STOCK OR SECURITY CONVERTIBLE INTO VOTING STOCK OF THE REORGAN-  
49 IZED INSURER OR THE STOCK HOLDING COMPANY TO ANY PERSON OTHER THAN THE  
50 MUTUAL HOLDING COMPANY OR THE STOCK HOLDING COMPANY.

51 (E) THE SUPERINTENDENT MAY, BY REGULATION, REQUIRE A MUTUAL HOLDING  
52 COMPANY TO FILE ANNUAL STATEMENTS WITH THE SUPERINTENDENT IN SUCH FORM  
53 AS THE SUPERINTENDENT SHALL PRESCRIBE.

54 (F) WITH THE WRITTEN APPROVAL OF THE SUPERINTENDENT, AND SUBJECT TO  
55 THE CONDITIONS THAT THE SUPERINTENDENT MAY IMPOSE, A MUTUAL HOLDING  
56 COMPANY OR STOCK COMPANY MAY:

1 (1) MERGE OR CONSOLIDATE WITH, OR ACQUIRE THE ASSETS OF, A MUTUAL  
2 HOLDING COMPANY ORGANIZED PURSUANT TO THIS ARTICLE OR PURSUANT TO THE  
3 LAWS OF ANOTHER STATE;

4 (2) EITHER ALONE OR TOGETHER WITH ONE OR MORE OF THE REORGANIZED  
5 INSURER, ANY STOCK HOLDING COMPANIES OR ANY SUBSIDIARIES OF ANY OF THEM,  
6 MERGE OR CONSOLIDATE WITH OR ACQUIRE THE ASSETS OF A MUTUAL LIFE INSUR-  
7 ER;

8 (3) MERGE OR CONSOLIDATE WITH ANY OTHER PERSON.

9 (G) A MUTUAL HOLDING COMPANY MAY ALSO REQUIRE THE CAPITAL STOCK OR  
10 ASSETS OF OTHER PERSONS.

11 (H) A MEMBER OF A MUTUAL HOLDING COMPANY IS NOT, AS A MEMBER,  
12 PERSONALLY LIABLE FOR THE ACTS, DEBTS, LIABILITIES OR OBLIGATIONS OF THE  
13 COMPANY. NO ASSESSMENT OF ANY KIND MAY BE IMPOSED UPON THE MEMBERS OF A  
14 MUTUAL HOLDING COMPANY BY THE BOARD OF DIRECTORS, MEMBERS OR CREDITORS  
15 OF THE MUTUAL HOLDING COMPANY OR BECAUSE OF ANY LIABILITY OF ANY COMPANY  
16 OWNED OR CONTROLLED, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, BY THE  
17 MUTUAL HOLDING COMPANY OR BECAUSE OF ANY ACT, DEBT OR LIABILITY OF THE  
18 MUTUAL HOLDING COMPANY.

19 (I) A MEMBERSHIP INTEREST IN A MUTUAL HOLDING COMPANY SHALL NOT  
20 CONSTITUTE A SECURITY UNDER THE LAWS OF THIS STATE.

21 (J) THE SUPERINTENDENT SHALL RETAIN JURISDICTION OVER ANY MUTUAL HOLD-  
22 ING COMPANY ORGANIZED PURSUANT TO THIS ARTICLE.

23 (K) DIRECTORS OF THE MUTUAL HOLDING COMPANY SHALL BE ELECTED BY A  
24 MAJORITY VOTE OF ALL MEMBERS WHO VOTE IN SUCH ELECTION IN PERSON OR BY  
25 PROXY. IF THE REORGANIZED INSURER TAKES ANY ACTION (OTHER THAN ELECTION  
26 OF ITS DIRECTORS) THAT WOULD REQUIRE A VOTE OF POLICYHOLDERS IF THE  
27 REORGANIZED INSURER WERE A MUTUAL LIFE INSURER, THEN SUCH ACTION SHALL  
28 REQUIRE A VOTE OF MEMBERS OF THE MUTUAL HOLDING COMPANY.

29 S 8018. OTHER REQUIREMENTS APPLICABLE TO A STOCK HOLDING COMPANY AND A  
30 MUTUAL HOLDING COMPANY. (A) FROM AND AFTER THE EFFECTIVE DATE OF THE  
31 PLAN, THE MUTUAL HOLDING COMPANY SHALL HOLD, DIRECTLY OR THROUGH ONE OR  
32 MORE STOCK HOLDING COMPANIES, AT LEAST FIFTY-ONE PERCENT OF THE ISSUED  
33 AND OUTSTANDING VOTING STOCK OF THE REORGANIZED INSURER. THE REORGANIZED  
34 INSURER AND ANY STOCK HOLDING COMPANY MAY ISSUE TO THE MUTUAL HOLDING  
35 COMPANY AND TO OTHER PERSONS SECURITIES, INCLUDING VOTING STOCK,  
36 NON-VOTING STOCK AND SECURITIES CONVERTIBLE INTO VOTING OR NON-VOTING  
37 STOCK, PROVIDED THAT, SUCH ISSUANCE AND THE TERMS OF SUCH ISSUANCE SHALL  
38 HAVE RECEIVED THE PRIOR APPROVAL OF THE SUPERINTENDENT, WHO SHALL  
39 CONSIDER THE INTERESTS OF THE MUTUAL HOLDING COMPANY AND ITS MEMBERS AND  
40 WHO MAY REQUIRE THAT, AT THE TIME OF SUCH ISSUANCE, CONSIDERATION BE  
41 DISTRIBUTED TO MEMBERS. FOR PURPOSES OF THE FIFTY-ONE PERCENT LIMITA-  
42 TION, ANY ISSUED AND OUTSTANDING SECURITIES OF THE REORGANIZED INSURER  
43 OR ANY STOCK HOLDING COMPANY THAT ARE CONVERTIBLE INTO VOTING STOCK  
44 SHALL BE CONSIDERED ISSUED AND OUTSTANDING VOTING STOCK.

45 (B) A MUTUAL HOLDING COMPANY AND ANY STOCK HOLDING COMPANY SHALL EACH  
46 BE DEEMED TO BE A "HOLDING COMPANY" OF THE REORGANIZED INSURER WITHIN  
47 THE MEANING OF ARTICLE FIFTEEN OF THIS CHAPTER, AND ALL PROVISIONS OF  
48 ARTICLE FIFTEEN OF THIS CHAPTER SHALL APPLY TO TRANSACTIONS OCCURRING  
49 BETWEEN THE MUTUAL HOLDING COMPANY, THE STOCK HOLDING COMPANY AND THE  
50 REORGANIZED INSURER. APPROVAL OF THE PLAN OF REORGANIZATION BY THE  
51 SUPERINTENDENT PURSUANT TO THIS ARTICLE SHALL CONSTITUTE APPROVAL OF THE  
52 ACQUISITION OF CONTROL BY A MUTUAL HOLDING COMPANY AND ANY STOCK HOLDING  
53 COMPANY UNDER SECTION ONE THOUSAND FIVE HUNDRED SIX OF THIS CHAPTER, THE  
54 REGISTRATION BY THE REORGANIZED INSURER AS A CONTROLLED INSURER UNDER  
55 SECTION ONE THOUSAND FIVE HUNDRED THREE OF THIS CHAPTER AND NOTICE OF

1 THE ACQUISITION OF SHARES OF THE REORGANIZED INSURER UNDER SECTION FOUR  
2 THOUSAND TWO HUNDRED THREE OF THIS CHAPTER.

3 (C) OUTSIDE DIRECTORS OF THE MUTUAL HOLDING COMPANY, A STOCK HOLDING  
4 COMPANY OR THE REORGANIZED INSURER SHALL NOT OWN BENEFICIALLY, IN THE  
5 AGGREGATE, MORE THAN THREE PERCENT OF THE VOTING STOCK OF THE STOCK  
6 HOLDING COMPANY OR THE REORGANIZED INSURER.

7 (D) IN NO EVENT SHALL ANY PERSON, DIRECTLY OR INDIRECTLY, OFFER TO  
8 ACQUIRE OR ACQUIRE IN ANY MANNER BENEFICIAL OWNERSHIP OR MORE THAN  
9 FIFTEEN PERCENT OF ANY CLASS OF VOTING SECURITIES OF THE REORGANIZED  
10 INSURER, ANY STOCK HOLDING COMPANY OR ANY OTHER INSTITUTION WHICH OWNS  
11 DIRECTLY OR INDIRECTLY A MAJORITY OR ALL OF THE VOTING SECURITIES OF THE  
12 REORGANIZED INSURER WITHOUT THE PRIOR APPROVAL OF THE SUPERINTENDENT.

13 (E) ANY ISSUANCE OF VOTING STOCK OR SECURITIES CONVERTIBLE INTO VOTING  
14 STOCK OR OPTIONS FOR THE PURCHASE OF VOTING STOCK OF THE REORGANIZED  
15 INSURER OR THE STOCK HOLDING COMPANY PRIOR TO AN INITIAL PUBLIC OFFER-  
16 ING, PRIVATE EQUITY PLACEMENT, OR THE ISSUANCE OF PUBLIC OR PRIVATE  
17 VOTING STOCK OR SECURITIES CONVERTIBLE INTO VOTING STOCK OF THE REORGAN-  
18 IZED INSURER OR STOCK HOLDING COMPANY OR ANY OTHER TYPE OF CAPITAL  
19 RAISED SHALL BE SUBJECT TO THE APPROVAL OF THE SUPERINTENDENT AS TO THE  
20 PROPOSED VALUATION OF SUCH STOCK OR SECURITIES, THE SUPERINTENDENT MAY  
21 IMPOSE CONDITIONS UPON SUCH APPROVAL, AND ALL EXPENSES OF THE SUPER-  
22 INTENDENT'S REVIEW, INCLUDING WITHOUT LIMITATION THOSE OF OUTSIDE  
23 CONSULTANTS IN REVIEWING SUCH PROPOSED VALUATION, SHALL BE BORNE BY THE  
24 ISSUING COMPANY.

25 (F) IN THE EVENT OF AN INITIAL PUBLIC OFFERING, A STOCK HOLDING COMPA-  
26 NY OR REORGANIZED INSURER MAY NOT REPURCHASE CAPITAL STOCK WITHIN ONE  
27 YEAR FOLLOWING THE DATE OF SUCH INITIAL PUBLIC OFFERING, EXCEPT THAT  
28 REPURCHASES OF NO GREATER THAN FIVE PERCENT OF THE OUTSTANDING STOCK MAY  
29 BE REPURCHASED DURING THIS ONE YEAR PERIOD WITHOUT THE APPROVAL OF THE  
30 SUPERINTENDENT.

31 (G) IN THE EVENT OF ANY VIOLATION OF THIS SECTION, OR OF ANY ACTION  
32 WHICH, IF CONSUMMATED, MIGHT CONSTITUTE SUCH A VIOLATION:

33 (L) ALL VOTING STOCK OF THE REORGANIZED INSURER, ANY STOCK HOLDING  
34 COMPANY, OR THE REORGANIZED MUTUAL HOLDING COMPANY, ACQUIRED BY ANY  
35 PERSON IN EXCESS OF THE MAXIMUM AMOUNT PERMITTED TO BE ACQUIRED BY SUCH  
36 PERSON PURSUANT TO THIS SUBSECTION SHALL BE DEEMED TO BE NON-VOTING  
37 STOCK; AND

38 (2) IN ADDITION TO ANY OTHER ENFORCEMENT POWERS OF THE SUPERINTENDENT,  
39 UNDER THIS CHAPTER, SUCH VIOLATION OR ACTION MAY BE ENFORCED OR  
40 ENJOINED, AS THE CASE MAY BE, BY APPROPRIATE PROCEEDING COMMENCED ON  
41 BEHALF OF THE REORGANIZED INSURER, ANY STOCK HOLDING COMPANY OR, IF  
42 APPLICABLE, A REORGANIZED MUTUAL HOLDING COMPANY, BY THE REORGANIZED  
43 INSURER, THE STOCK HOLDING COMPANY, THE MUTUAL HOLDING COMPANY OR THE  
44 SUPERINTENDENT, THE ATTORNEY GENERAL, ANY MEMBER OF THE MUTUAL HOLDING  
45 COMPANY OR, IF APPLICABLE, A REORGANIZED MUTUAL HOLDING COMPANY, OR ANY  
46 STOCKHOLDER OF THE REORGANIZED INSURER, ANY STOCK HOLDING COMPANY OR THE  
47 REORGANIZED MUTUAL HOLDING COMPANY IN THE SUPREME COURT IN THE JUDICIAL  
48 DISTRICT IN WHICH THE REORGANIZED INSURER HAS ITS HOME OFFICE OR IN ANY  
49 OTHER COURT HAVING JURISDICTION, AND SUCH COURT MAY ISSUE ANY ORDER,  
50 INJUNCTIVE OR OTHERWISE, IT FINDS NECESSARY TO CURE SUCH VIOLATION OR TO  
51 PREVENT SUCH ACTION.

52 S 8019. CONVERSION OF MUTUAL HOLDING COMPANY. (A) A MUTUAL HOLDING  
53 COMPANY MAY REORGANIZE IN ACCORDANCE WITH A PLAN OF REORGANIZATION WHICH  
54 IS FAIR AND EQUITABLE TO THE COMPANY'S MEMBERS AND IS:

55 (1) ADOPTED BY ACTION OF THREE-FOURTHS OF ITS ENTIRE BOARD OF DIREC-  
56 TORS;

1 (2) APPROVED BY THE SUPERINTENDENT IF FOUND BY THE SUPERINTENDENT TO  
2 BE FAIR AND EQUITABLE TO THE COMPANY'S MEMBERS AFTER A HEARING HELD UPON  
3 NOTICE TO THE COMPANY'S MEMBERS; AND, THEREAFTER,

4 (3) ADOPTED BY THE AFFIRMATIVE VOTE OF TWO-THIRDS OF ALL VOTES CAST BY  
5 MEMBERS OF THE COMPANY ENTITLED TO VOTE, AFTER NOTICE BEING GIVEN TO ALL  
6 MEMBERS ENTITLED TO VOTE. THE MUTUAL HOLDING COMPANY SHALL GIVE WRITTEN  
7 NOTICE STATING THE DATE, TIME AND PLACE FOR VOTING ON SUCH PROPOSAL TO  
8 MEMBERS ENTITLED TO NOTICE OF AND TO VOTE ON THE PROPOSAL IN ACCORDANCE  
9 WITH THIS SECTION, SENT BY MAIL OR ELECTRONIC TRANSMISSION TO THE LAST  
10 KNOWN MAILING OR ELECTRONIC ADDRESSES OF SUCH POLICYHOLDERS AS SHOWN ON  
11 THE RECORDS OF THE MUTUAL HOLDING COMPANY. SUCH NOTICE SHALL BE SENT AT  
12 LEAST THIRTY DAYS BEFORE THE DATE OF THE PROPOSED VOTE TO APPROVE THE  
13 PLAN OR REORGANIZATION. SUCH NOTICE MAY BE COMBINED WITH NOTICE OF THE  
14 HEARING REQUIRED BY PARAGRAPH TWO OF THIS SUBSECTION. SUCH NOTICE SHALL  
15 BE PRECEDED OR ACCOMPANIED BY A TRUE AND CORRECT COPY OF THE PLAN, OR BY  
16 A SUMMARY THEREOF APPROVED BY THE SUPERINTENDENT, AND SUCH OTHER EXPLAN-  
17 ATORY INFORMATION AS THE SUPERINTENDENT SHALL APPROVE OR REQUIRE.

18 (B) A PLAN OF REORGANIZATION PURSUANT TO SUBSECTION (A) OF THIS  
19 SECTION SHALL PROVIDE FOR THE MEMBERSHIP INTERESTS IN THE MUTUAL HOLDING  
20 COMPANY BEING EXTINGUISHED AND MAY PROVIDE EITHER FOR:

21 (1) THE CONVERSION OF THE MUTUAL HOLDING COMPANY INTO A STOCK CORPO-  
22 RATION, IN WHICH EVENT CONSIDERATION DISTRIBUTED SHALL BE EQUAL TO THAT  
23 REQUIRED UNDER SECTION SEVEN THOUSAND THREE HUNDRED TWELVE OF THIS CHAP-  
24 TER OR SUCH OTHER LAW GOVERNING THE DEMUTUALIZATION OF MUTUAL LIFE  
25 INSURERS AS MAY THEN BE IN EFFECT; OR

26 (2) THE DISTRIBUTION TO ELIGIBLE MEMBERS OF THE MUTUAL HOLDING COMPANY  
27 OF CONSIDERATION CONSISTING OF ALL ASSETS OF THE MUTUAL HOLDING COMPANY  
28 INCLUDING ALL STOCK OF THE REORGANIZED INSURER OR ANY STOCK HOLDING  
29 COMPANY OWNED BY THE MUTUAL HOLDING COMPANY, OR OTHER CONSIDERATION  
30 HAVING EQUIVALENT AGGREGATE VALUE, WHICH MAY BE IN THE FORM OF CASH,  
31 SECURITIES OF ANY INSTITUTION, ADDITIONAL INSURANCE OR ANNUITY BENEFITS  
32 OR POLICY CREDITS, INCREASED DIVIDENDS OR OTHER CONSIDERATION, ALL SUCH  
33 CONSIDERATION BEING ALLOCATED AMONG ELIGIBLE MEMBERS OF THE MUTUAL HOLD-  
34 ING COMPANY IN A MANNER THAT IS FAIR AND EQUITABLE TO THE COMPANY'S  
35 MEMBERS.

36 (C) IF NO CLOSED BLOCK OF PARTICIPATING POLICIES AND CONTRACTS WAS  
37 ESTABLISHED OR ALTERNATIVE PROVISION WAS APPROVED PURSUANT TO SECTION  
38 EIGHT THOUSAND THREE OF THIS ARTICLE WHEN THE MUTUAL HOLDING COMPANY WAS  
39 ESTABLISHED OR THEREAFTER, THEN THE PLAN OF REORGANIZATION OF THE MUTUAL  
40 HOLDING COMPANY PURSUANT TO SUBSECTION (A) OF THIS SECTION SHALL PROVIDE  
41 FOR THE ESTABLISHMENT OF SUCH A CLOSED BLOCK OR ALTERNATIVE PROVISION  
42 UPON A REORGANIZATION OF THE MUTUAL HOLDING COMPANY UNDER THIS SECTION.  
43 ANY SUCH CLOSED BLOCK OR ALTERNATIVE PROVISIONS SHALL BE SUBJECT TO  
44 SUBSECTION (B) OF SECTION EIGHT THOUSAND THREE OF THIS ARTICLE. HOWEVER,  
45 IF A CLOSED BLOCK OF PARTICIPATING POLICIES AND CONTRACTS WAS ESTAB-  
46 LISHED OR ALTERNATIVE PROVISION WAS APPROVED PURSUANT TO SUBSECTION (B)  
47 OF SECTION EIGHT THOUSAND THREE OF THIS ARTICLE WHEN THE MUTUAL HOLDING  
48 COMPANY WAS ESTABLISHED OR THEREAFTER, THEN NO SUCH CLOSED BLOCK OR  
49 ALTERNATIVE PROVISION SHALL BE REQUIRED UPON A REORGANIZATION OF THE  
50 MUTUAL HOLDING COMPANY UNDER THIS SECTION.

51 S 8020. TRANSFERS OF SUBSIDIARIES. A REORGANIZING OR REORGANIZED  
52 INSURER MAY TRANSFER ANY ONE OR MORE OF ITS SUBSIDIARIES TO THE MUTUAL  
53 HOLDING COMPANY OR TO ONE OR MORE PERSONS OWNED OR CONTROLLED BY THE  
54 MUTUAL HOLDING COMPANY, PROVIDED THE REORGANIZING OR REORGANIZED INSURER  
55 OBTAINS THE PRIOR APPROVAL OF THE SUPERINTENDENT. ANY SUCH TRANSFER MAY  
56 BE MADE WITHOUT CONSIDERATION AS A DIVIDED OR FOR CONSIDERATION THAT MAY

1 INCLUDE OBLIGATIONS OF THE MUTUAL HOLDING COMPANY OR OBLIGATIONS OR  
2 PREFERRED SHARES OF A PERSON OWNED OR CONTROLLED BY THE MUTUAL HOLDING  
3 COMPANY. THE SUPERINTENDENT SHALL APPROVE EACH SUCH PROPOSED TRANSFER IF  
4 THE SUPERINTENDENT FINDS IT IS FAIR AND EQUITABLE. FOR A REORGANIZING  
5 INSURER, THE PLAN MAY PROVIDE FOR SUCH TRANSFER, IN WHICH CASE APPROVAL  
6 OF THE PLAN SHALL CONSTITUTE APPROVAL BY THE SUPERINTENDENT PURSUANT TO  
7 THIS SECTION. THE PROVISIONS OF SECTIONS ONE THOUSAND FIVE HUNDRED FIVE  
8 AND FOUR THOUSAND TWO HUNDRED SEVEN OF THIS CHAPTER SHALL NOT APPLY TO  
9 ANY TRANSFER OF SUBSIDIARIES EFFECTED PURSUANT TO THIS SECTION BUT SHALL  
10 OTHERWISE APPLY TO THE REORGANIZED INSURER AND ITS AFFILIATES IN ACCORD-  
11 ANCE WITH THEIR TERMS. THE PROVISION OF SUBPARAGRAPH (II) OF PARAGRAPH  
12 TWO OF SUBSECTION (A) OF SECTION ONE THOUSAND FOUR HUNDRED FIVE OF THIS  
13 CHAPTER LIMITING THE AGGREGATE AMOUNT OF INVESTMENTS IN PREFERRED SHARES  
14 OF AMERICAN INSTITUTIONS SHALL NOT APPLY TO AN INVESTMENT BY A REORGAN-  
15 IZING OR REORGANIZED INSURER IN SUCH PREFERRED SHARES RECEIVED BY IT IN  
16 CONSIDERATION FOR A TRANSFER PURSUANT TO THIS SECTION. FOR A REORGANIZED  
17 INSURER, THE OTHER PROVISIONS OF THIS ARTICLE, INCLUDING, WITHOUT LIMIT-  
18 TATION, THE REQUIREMENT OF FILING A PLAN OF REORGANIZATION, SHALL NOT  
19 APPLY TO THE TRANSFER OF SUBSIDIARIES PURSUANT TO THIS SECTION.

20 S 8021. LIMITATIONS ON ACCUMULATION OF SURPLUS OF MUTUAL HOLDING  
21 COMPANIES. (A) A MUTUAL HOLDING COMPANY MAY MAINTAIN (1) A NON-INSURANCE  
22 SURPLUS NOT EXCEEDING THE AGGREGATE CAPITAL AND SURPLUS OF ITS INSURANCE  
23 SUBSIDIARIES AND (2) AGGREGATE CAPITAL AND SURPLUS OF ITS INSURANCE  
24 SUBSIDIARIES NOT EXCEEDING THE SURPLUS LIMIT OF ITS INSURANCE SUBSID-  
25 IARIES, UNLESS OTHERWISE APPROVED BY THE SUPERINTENDENT.

26 (B) AS USED IN THIS SECTION, THE FOLLOWING TERMS SHALL HAVE THE  
27 FOLLOWING MEANINGS:

28 (1) "NON-INSURANCE SURPLUS" MEANS THE MUTUAL HOLDING COMPANY'S NET  
29 WORTH, DETERMINED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRIN-  
30 CIPLES ON A CONSOLIDATED BASIS, EXCLUDING THE PORTION THEREOF DERIVED  
31 FROM ITS INTEREST IN ITS INSURANCE SUBSIDIARIES.

32 (2) "INSURANCE SUBSIDIARY" MEANS A SUBSIDIARY OF THE MUTUAL HOLDING  
33 COMPANY THAT IS A DOMESTIC INSURER, A FOREIGN INSURER, AN ALIEN INSURER  
34 OR (NOTWITHSTANDING ITS EXEMPTION FROM THIS CHAPTER) A HEALTH MAINTEN-  
35 NANCE ORGANIZATION.

36 (3) "AGGREGATE CAPITAL AND SURPLUS" OF A MUTUAL HOLDING COMPANY'S  
37 INSURANCE SUBSIDIARIES MEANS THE SUM OF:

38 (A) FOR EACH SUBSIDIARY THAT IS A LIFE INSURANCE COMPANY AND IS NOT A  
39 SUBSIDIARY OF ANOTHER LIFE INSURANCE COMPANY, ITS STATUTORY CAPITAL AND  
40 SURPLUS;

41 (B) FOR EACH SUBSIDIARY THAT IS AN INSURANCE COMPANY OTHER THAN A LIFE  
42 INSURANCE COMPANY, A HEALTH MAINTENANCE ORGANIZATION OR A SUBSIDIARY OF  
43 ANOTHER INSURANCE SUBSIDIARY, ITS STATUTORY CAPITAL AND SURPLUS; AND

44 (C) FOR EACH SUBSIDIARY THAT IS A HEALTH MAINTENANCE ORGANIZATION AND  
45 IS NOT A SUBSIDIARY OF AN INSURANCE SUBSIDIARY, THIRTY-FIVE PERCENT OF  
46 ITS NET PREMIUM WRITTEN IN THE PRECEDING CALENDAR YEAR.

47 (4) "SURPLUS LIMIT" OF A MUTUAL HOLDING COMPANY'S INSURANCE SUBSID-  
48 IARIES MEANS THE AGGREGATE OF:

49 (A) FOR EACH SUBSIDIARY THAT IS A LIFE INSURANCE COMPANY AND IS NOT A  
50 SUBSIDIARY OF ANOTHER LIFE INSURANCE COMPANY, THE GREATER OF (I) EIGHT  
51 HUNDRED FIFTY THOUSAND DOLLARS, OR (II) TEN PERCENT OF ITS POLICY  
52 RESERVES AND POLICY LIABILITIES, OR (III) TEN PERCENT OF THE POLICY  
53 RESERVES AND POLICY LIABILITIES OF SUCH LIFE INSURANCE COMPANY AND OF  
54 ALL SUBSIDIARIES OF SUCH COMPANY THAT ARE INSURANCE COMPANIES, PLUS (X)  
55 THE PRODUCT OF THREE AND THE AUTHORIZED CONTROL LEVEL RBC OF SUCH LIFE  
56 INSURANCE COMPANY AS DETERMINED IN ACCORDANCE WITH SECTION ONE THOUSAND

1 THREE HUNDRED TWENTY-TWO OF THIS CHAPTER OR CORRESPONDING PROVISIONS OF  
2 THE LAW OF ITS STATE OF DOMICILE, PLUS (Y) FOR EACH SUBSIDIARY OF SUCH  
3 DOMESTIC LIFE INSURANCE COMPANY THAT IS A HEALTH MAINTENANCE ORGANIZA-  
4 TION, THIRTY-FIVE PERCENT OF ITS NET PREMIUM WRITTEN IN THE PRECEDING  
5 CALENDAR YEAR, MINUS (Z) THE ASSET VALUATION RESERVES OF SUCH LIFE  
6 INSURANCE COMPANY AND OF ALL SUBSIDIARIES OF SUCH COMPANY THAT ARE LIFE  
7 INSURANCE COMPANIES, OR (IV) THE MINIMUM AMOUNT OF CAPITAL AND SURPLUS  
8 REQUIRED BY THE LAW OF ANOTHER STATE IN WHICH SUCH LIFE INSURANCE COMPA-  
9 NY IS AUTHORIZED TO DO BUSINESS, ALL AS DETERMINED IN ACCORDANCE WITH  
10 ACCOUNT PRACTICES PRESCRIBED OR PERMITTED BY THE SUPERINTENDENT, IN THE  
11 CASE OF DOMESTIC INSURERS, OR THE PRINCIPAL REGULATOR OF ANY INSURANCE  
12 SUBSIDIARY THAT IS NOT A DOMESTIC INSURER;

13 (B) FOR EACH SUBSIDIARY THAT IS AN INSURANCE COMPANY OTHER THAN A LIFE  
14 INSURANCE COMPANY, A HEALTH MAINTENANCE ORGANIZATION OR A SUBSIDIARY OF  
15 ANOTHER INSURANCE SUBSIDIARY, ITS STATUTORY CAPITAL AND SURPLUS; AND

16 (C) FOR EACH SUBSIDIARY THAT IS A HEALTH MAINTENANCE ORGANIZATION AND  
17 IS NOT A SUBSIDIARY OF AN INSURANCE SUBSIDIARY, THIRTY-FIVE PERCENT OF  
18 ITS NET PREMIUM WRITTEN IN THE PRECEDING CALENDAR YEAR;

19 (D) THE SUPERINTENDENT MAY, FOR GOOD CAUSE SHOWN, BY ORDER, PERMIT  
20 SUCH MUTUAL HOLDING COMPANY TO MAINTAIN A SURPLUS IN EXCESS OF THE MAXI-  
21 MUM PRESCRIBED BY SUBSECTION (A) OF THIS SECTION, FOR A SPECIFIED PERI-  
22 OD, NOT EXCEEDING ONE YEAR UNDER ANY ONE ORDER. THE SUPERINTENDENT SHALL  
23 STATE IN SUCH ORDER THE REASONS THEREFOR AND SHALL CAUSE A STATEMENT OF  
24 SUCH ORDER AND SUCH REASONS TO BE PUBLISHED IN THE NEXT ANNUAL REPORT OF  
25 THE SUPERINTENDENT TO THE LEGISLATURE.

26 S 2. This act shall take effect immediately.