§ 1207. Options for the purchase of shares. (a) Notwithstanding any provision of the business corporation law, but subject to any provision in respect thereto set forth in its certificate of incorporation, or other certificate filed pursuant to law, a domestic stock insurance company, other than as described in subsection (d) of this section, may, with the consent of a majority of its shares entitled to vote thereon, provide and carry out a plan to issue options solely to its officers or employees for the purchase of any of its authorized but unissued shares for such consideration, value or benefit and upon such terms and conditions as may be fixed by the board of directors. In addition, a domestic stock life insurance company may provide and carry out a plan to issue such options only upon the recommendation by a committee of its board of directors pursuant to subsection (b) of section one thousand two hundred two of this article and approved by its board of directors. Any such plan must provide that:

(1) the company's right or power to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets shall not be affected;

(2) the number of shares on which options may be granted, excluding shares involved in the unexercised portions of any cancelled, terminated or expired options, shall not exceed, in the aggregate, five percent of the company's authorized shares;

(3) the number of shares for which option rights may be granted to any individual under all options issued to him shall not exceed ten percent of the total number of shares authorized to be optioned;

(4) the option price of the shares shall not be less than eighty-five percent of the fair market value of such shares at the time the option is granted and shall not be less than their par value;

(5) the option shall not be transferable except by will or the laws of descent and distribution; and

(6) the option shall not be exercisable after ten years from the date the option is granted.

(b) In the absence of fraud in the transaction, the judgment of the board of directors shall be conclusive as to the consideration, value or benefit, tangible or intangible, received or to be received by the

company for the issuance of options to purchase its shares and the adequacy and sufficiency thereof. The required shareholders' consent may be given by vote at a shareholders' meeting held on notice prescribed by section six hundred five of the business corporation law, stating its object, or in writing signed by all shareholders having such voting rights.

(c) Any company, other than a company described in subsection (d) of this section, proposing any plan to issue options to purchase its shares under this section shall, not less than thirty days before the shareholders' meeting at which the plan is to be voted upon, submit to the superintendent a copy of the plan for his approval. Upon approval of the plan by the shareholders, a certificate evidencing their approval, subscribed by the secretary and affirmed by him as true under the penalties of perjury, and under the company's seal, shall be filed in the office of the superintendent. The plan shall be approved by the superintendent if he is satisfied it is fair and equitable to the company's policyholders and not inconsistent with law, and that no reasonable objection exists thereto. If the superintendent shall refuse to approve such plan, notification of such refusal, assigning the reasons therefor, shall, within ten days from the date of filing such certificate, be given in writing by such superintendent to the company. No such plan shall take effect until the superintendent approves as herein provided.

(d) A domestic stock life insurance company which is not directly or indirectly a subsidiary of a domestic mutual life insurance company, upon approval of the plan by the shareholders, shall file in the office of the superintendent a certificate evidencing their approval, subscribed by the secretary and affirmed by him as true under the penalties of perjury, and under the company's seal.