§ 7118. Plan for acquisition of minority interests in a subsidiary insurer. (a) Definitions. In this section:

(1) "Parent" means a corporation directly or indirectly owning at least ninety-five percent of the aggregate issued and outstanding shares of all classes of voting shares of a subsidiary.

(2) "Subsidiary" means a domestic company whose voting shares are so owned.

(b) Any parent or subsidiary may, pursuant to a plan for acquisition of minority interests in such subsidiary, adopted by the board of directors, trustees or other governing body of the parent or subsidiary, acquire all of the subsidiary's remaining issued and outstanding voting shares, by exchange of shares, other securities, cash, other consideration or any combination thereof.

(c) Such plan shall set forth:

(1) the name of the subsidiary;

(2) the total number of issued and outstanding voting shares of each class of the subsidiary, the number of its shares owned by the parent and, if either of the foregoing is subject to change prior to the effective date of acquisition, the manner in which any change may occur;

(3) the terms and conditions of the plan, including the manner and basis of exchanging the shares to be acquired for shares or other securities of the parent, for cash, other consideration, or any combination of the foregoing, the proposed effective date of acquisition and a statement clearly describing the rights of dissenting shareholders to demand appraisal;

(4) if the parent has adopted the plan and is neither a domestic corporation nor an authorized insurer, its agreement to be bound by section seven thousand one hundred nineteen of this article with respect to the plan, its consent to the enforcement against it in this state of the rights of shareholders pursuant to the plan, and a designation of the superintendent as the agent upon whom process may be served against the parent in the manner set forth in section one thousand two hundred twelve of this chapter in any action or proceeding to enforce any such rights; and

(5) such other provisions with respect to the plan as the board of directors, trustees or other governing body deems necessary or desirable, or which the superintendent may prescribe.

(d) Upon adoption of the plan, it shall be executed by the president and attested by the secretary, or officers corresponding to either of them, under the corporate seal of the parent or subsidiary which has adopted the plan, as the case may be. Thereupon, a certified copy of the plan, together with a certificate of its adoption subscribed by such officers and affirmed by them as true under the penalties of perjury and under the seal of the parent or the subsidiary, as the case may be, shall be submitted to the superintendent for his approval. The superintendent shall thereupon consider the plan and, if satisfied that it complies with this article, is fair and equitable and not inconsistent with law, he shall approve the plan. If the superintendent disapproves the plan, notification of his disapproval, assigning the reasons therefor, shall be given in writing by him to the parent or subsidiary that submitted the plan. No plan shall take effect unless the approval of the superintendent has been obtained.

(e) If the superintendent approves the plan, the parent or the subsidiary which has adopted the plan shall deliver to each person who, as of the date of delivery, is a holder of record of shares to be acquired, a copy of the plan, or a summary thereof approved by the superintendent, in person or by depositing the same in the post office, postage prepaid, addressed to the shareholder at his address of record. On or before the date of acquisition proposed in the plan, the parent or the subsidiary which has adopted the plan shall file with the superintendent a certificate, executed by its president and attested by its secretary, or by officers corresponding to either of them, and subscribed by such officers and affirmed by them as true under the penalties of perjury, and under the seal of the parent or the subsidiary, as the case may be, attesting to compliance with this subsection.

(f) Upon compliance with this section, ownership of the shares to be acquired pursuant to the plan shall vest in the parent or the subsidiary which has adopted the plan on the date of acquisition proposed in the plan whether or not the certificates for such shares have been surrendered for exchange. If the plan was adopted by the parent it shall be entitled to have new certificates registered in its name. If the plan was adopted by the subsidiary the shares shall be retired and the capital of the subsidiary reduced by the par value of the retired

shares. Shareholders whose shares have been so acquired shall thereafter retain only the right either to receive the consideration to be paid in exchange for their shares pursuant to the plan or to demand appraisal pursuant to section seven thousand one hundred nineteen of this article.

(g) Neither the right granted by this section nor the exercise thereof by a parent or subsidiary shall preclude the exercise by it of any other rights it may have under this article.