§ 7306. Conversion of advance premium corporations or assessment corporations into mutual property/casualty insurance companies. Any advance premium corporation or assessment corporation, as defined in section six thousand six hundred two of this chapter, which has in force contracts of insurance of the kinds which domestic mutual property/casualty insurance companies, as defined in subsection (a) of section one hundred seven of this chapter, may be authorized to do, covering not less than three hundred separate risks and on which the premiums in force or the most recent annual assessment aggregates not less than one hundred thousand dollars, may be converted into and licensed as a domestic mutual property/casualty insurance company in the manner prescribed in this section and subject to any other requirements of law. The successive steps shall be as follows:

(a) A majority of the board of directors of the corporation shall adopt a resolution approving the proposed conversion and appointing a committee of not less than three directors to prepare a draft of a proposed declaration, charter and by-laws.

(b) The proposed declaration, charter and by-laws shall be submitted with an appropriate resolution to the board for its approval.

(c) A majority of the board at any regular or special meeting thereof shall approve by resolution the proposed declaration, charter and by-laws, which shall conform to the requirements of this chapter relative to the contents of charters and by-laws of domestic mutual property/casualty insurance companies hereafter organized, with such additions as the superintendent shall approve to accommodate insurance contracts then in force. Such resolution shall also direct that notice that the proposed conversion will be submitted for approval at the next annual meeting of members or at a special meeting to be called for that purpose be mailed, with postage prepaid, to all members at their last known post office addresses respectively, at least thirty days prior to the date of the meeting, together with copies of the resolutions provided for in subsections (a) and (b) hereof and this subsection and of the proposed declaration, charter and by-laws.

(d) At least two-thirds of the votes of members voting at such meeting either in person or by proxy, if the corporation's by-laws provide for a vote by proxy, shall be cast in favor of the proposed conversion and of the adoption of the proposed declaration and charter and proposed

by-laws. A resolution shall similarly be adopted instructing the president and secretary to execute or certify and file all necessary papers and instruments incident to the proposed conversion.

(e) The proposed declaration and charter executed by the president and secretary together with proof of mailing of notice of members' meeting and copies of all other necessary papers and instruments incident to the proposed conversion, together with a certificate of their adoption as provided for herein, subscribed and affirmed by such officers as true under the penalties of perjury, shall be submitted to the superintendent.

(f) If the superintendent finds, by such investigation or examination as he deems appropriate to make, that the corporation meets the initial surplus and reserve requirements for domestic mutual fire insurance companies organized and licensed immediately before July first, nineteen hundred eighty-two, to do the kinds of insurance business for which the corporation is to be licensed, and complies with all other provisions of this section, he shall approve the declaration and charter and by-laws and file the same together with the other documents submitted as required by subsection (e) hereof in his office, and coincident with such filing such advance premium corporation or assessment corporation shall become a domestic mutual property/casualty insurance company.

(g) Upon compliance by the corporation with the foregoing and with any other lawful prerequisites for the issuance of an insurer's license, the superintendent may, in accordance with subsection (d) of section one thousand one hundred two of this chapter, grant a license to such mutual property/casualty insurance company. Such corporation shall thereafter be subject to all the provisions and requirements of this chapter relative to mutual property/casualty insurance companies.