§ 8003. Dividend practices. (a) Following the effective date of the plan, the reorganized insurer may, with respect to its participating individual policies and contracts, either:

(1) continue the dividend practices of the reorganizing insurer;

(2) continue the dividend practices of the reorganizing insurer and adopt such other dividend practices as, at the effective date or at any time thereafter, may be permitted under applicable law or regulation or approved by the superintendent; or

(3) adopt such other alternative with respect to dividend practices as the superintendent may approve.

(b) Following the effective date of the plan, the reorganized insurer shall, on or before the date on which the mutual holding company holds, directly or indirectly through one or more stock holding companies, less than seventy-five percent of the issued and outstanding voting stock of the reorganized insurer, either:

(1) (A) establish a closed block, for policyholder dividend purposes only, consisting of all of the participating individual policies and contracts of the mutual life insurer or the reorganized insurer, as the case may be, in force on the effective date and for which the insurer had an experience-based dividend scale payable in the year of the implementation date, to which closed block, on or before the implementation date, shall be allocated assets of the insurer in an amount that produces cash flows, together with anticipated revenues from the closed block business, expected to be sufficient to support the closed block business including provision for payment of claims and those expenses and taxes specified in the terms for the establishment of the closed block and to provide for continuation of the dividend practices in effect on the effective date if the closed block is established on or before the one hundred eightieth day after the effective date, or otherwise the dividend practices in effect on the implementation date, provided, however, that no policies or contracts entering into force after the implementation date will be included in the closed block, and provided, further, that, in determining dividend practices of the reorganizing insurer, the superintendent shall review dividend scales in effect for at least two years prior to the filing of the reorganization plan; and

(B) the terms for the establishment of the closed block may provide

for conditions under which, with the approval of the superintendent, the reorganized insurer may cease to maintain the closed block and allocation of assets thereto, but regardless of such a cessation the policies and contracts constituting closed block business shall remain obligations of the reorganized insurer and any dividends on such policies and contracts shall be determined and apportioned by the board of directors of the reorganized insurer in accordance with the terms of such policies and contracts and applicable provisions of this chapter; or

(2) provide as to participating individual policies and contracts of the reorganizing or reorganized insurer in such manner as the superintendent may approve.

(c) The general terms for the establishment of the closed block or such alternative provision under subsection (b) of this section and the proposed dividend policy shall be included in the plan under section eight thousand two of this article.

(d) The superintendent may appoint one or more consultants as the superintendent shall reasonably deem necessary to advise the superintendent regarding the proposed terms for the establishment of the closed block or the alternative provision under subsection (a) or (b) of this section; and the reorganizing insurer shall be responsible for the reasonable fees and expenses of any such consultants.

(e) For purposes of this section, "implementation date" means the date as of which the closed block is established, as specified in the terms for the establishment of the closed block.