§ 8017. Requirements applicable to a mutual holding company. (a) The following provisions of this article are applicable to a mutual holding company:

(1) the following provisions of article twelve of this chapter shall apply to a mutual holding company as though it were a domestic mutual insurer: section one thousand two hundred one of this chapter to the extent provided in subsection (c) of this section and sections one thousand two hundred two, one thousand two hundred six, one thousand two hundred eight, one thousand two hundred nine, one thousand two hundred twelve and one thousand two hundred fifteen through one thousand two hundred nineteen of this chapter;

(2) the provisions of the business corporation law that are applicable to a domestic mutual life insurer shall apply to a mutual holding company as though it were a domestic mutual insurer; and

(3) the provisions of section four thousand two hundred ten of this chapter applicable to a domestic mutual life insurer shall be applied to a mutual holding company as though its members were voting policyholders of a mutual life insurer.

(b) A mutual holding company shall not dissolve, liquidate or wind up and dissolve except through proceedings under section eight thousand nineteen of this article, article seventy-four of this chapter for the liquidation or dissolution of the reorganized insurer or as the superintendent may otherwise approve. In the event any proceedings are instituted under article seventy-four of this chapter for the complete liquidation of reorganized insurer pursuant to this article:

(1) the mutual holding company formed as part of such reorganization shall automatically become a party to such proceedings;

(2) all of the mutual holding company's assets (including its holdings of shares in the reorganized insurer or any stock holding company) shall be deemed assets of the estate of the domestic stock life insurer to the extent necessary to satisfy claims of persons who have class one, class two, class three or class four claims under subsection (a) of section seven thousand four hundred thirty-five of this chapter with respect to such domestic stock life insurer; and

(3) members of the mutual holding company shall be deemed to hold class eight claims with respect to the mutual holding company under subsection (a) of section seven thousand four hundred thirty-five of

this chapter.

(c) The charter of the mutual holding company shall be filed with the superintendent and shall contain the matters required to be contained in the charter of a domestic mutual life insurer by section one thousand two hundred one of this chapter, except that the name of the mutual holding company shall contain the word "mutual" and shall not contain the word "insurance," "assurance" or "annuity" and the company's powers shall not include doing an insurance business. The charter shall contain provisions stating that:

(1) it is a mutual holding company organized under this article;

(2) a purpose shall be to hold, directly or through one or more stock holding companies, not less than fifty-one percent of the voting stock of a reorganized insurer;

(3) it shall not be authorized to issue voting stock;

(4) it shall not be authorized to conduct any business other than that of a holding company, except for the acquisition, ownership, management and disposition of its assets and all actions reasonably incident thereto; and

(5) it shall have members having the rights specified in this section and section eight thousand ten of this article and in its charter and by-laws. The charter shall also contain provisions setting forth any rights of members of the mutual holding company in the surplus of the mutual holding company.

(d) At least two-thirds of the directors of the mutual holding company and of any stock holding company, all of the members of the compensation committee of the board of directors of the mutual holding company and of any stock holding company, at least two-thirds of the members of any committee responsible for making decisions affecting the capital structure or mergers and acquisitions, and a majority of the directors on each other committee of the board of directors of the mutual holding company and any stock holding company shall be outside directors. The aggregate percentage of voting securities of the reorganized insurer directly or indirectly owned, controlled or held with the power to vote, either personally or by persons (other than the mutual holding company and any stock holding company) of which they are directors, officers or employees, by outside directors, shall not exceed three percent or such lesser percentage as may be determined by the superintendent in his or

her approval of the mutual holding company's plan of reorganization pursuant to this article. The by-laws of the mutual holding company and any stock holding company shall provide that the affirmative vote of at least two-thirds of the board of directors of such company shall be required for any action by such company to adopt a plan of conversion pursuant to section eight thousand nineteen of this article, enter into a merger, conduct a public offering or authorize the issuance of any voting stock or security convertible into voting stock of the reorganized insurer or the stock holding company to any person other than the mutual holding company or the stock holding company.

(e) The superintendent may, by regulation, require a mutual holding company to file annual statements with the superintendent in such form as the superintendent shall prescribe.

(f) With the written approval of the superintendent, and subject to the conditions that the superintendent may impose, a mutual holding company or stock company may:

(1) merge or consolidate with, or acquire the assets of, a mutual holding company organized pursuant to this article or pursuant to the laws of another state;

(2) either alone or together with one or more of the reorganized insurer, any stock holding companies or any subsidiaries of any of them, merge or consolidate with or acquire the assets of a mutual life insurer;

(3) merge or consolidate with any other person.

(g) A mutual holding company may also acquire the capital stock or assets of other persons.

(h) A member of a mutual holding company is not, as a member, personally liable for the acts, debts, liabilities or obligations of the company. No assessment of any kind may be imposed upon the members of a mutual holding company by the board of directors, members or creditors of the mutual holding company or because of any liability of any company owned or controlled, in whole or in part, directly or indirectly, by the mutual holding company or because of any act, debt or liability of the mutual holding company.

(i) A membership interest in a mutual holding company shall not constitute a security under the laws of this state.

(j) The superintendent shall retain jurisdiction over any mutual

holding company organized pursuant to this article.

(k) Directors of the mutual holding company shall be elected by a majority vote of all members who vote in such election in person or by proxy. If the reorganized insurer takes any action (other than election of its directors) that would require a vote of policyholders if the reorganized insurer were a mutual life insurer, then such action shall require a vote of members of the mutual holding company.