§ 8018. Other requirements applicable to a stock holding company and a mutual holding company. (a) From and after the effective date of the plan, the mutual holding company shall hold, directly or through one or more stock holding companies, at least fifty-one percent of the issued and outstanding voting stock of the reorganized insurer. The reorganized insurer and any stock holding company may issue to the mutual holding company and to other persons securities, including voting stock, non-voting stock and securities convertible into voting or non-voting stock, provided that, such issuance and the terms of such issuance shall have received the prior approval of the superintendent, who shall consider the interests of the mutual holding company and its members and who may require that, at the time of such issuance, consideration be distributed to members. For purposes of the fifty-one percent limitation, any issued and outstanding securities of the reorganized insurer or any stock holding company that are convertible into voting stock shall be considered issued and outstanding voting stock.

(b) A mutual holding company and any stock holding company shall each be deemed to be a "holding company" of the reorganized insurer within the meaning of article fifteen of this chapter, and all provisions of article fifteen of this chapter shall apply to transactions occurring between the mutual holding company, the stock holding company and the reorganized insurer. Approval of the plan of reorganization by the superintendent pursuant to this article shall constitute approval of the acquisition of control by a mutual holding company and any stock holding company under section one thousand five hundred six of this chapter, the registration by the reorganized insurer as a controlled insurer under section one thousand five hundred three of this chapter and notice of the acquisition of shares of the reorganized insurer under section four thousand two hundred three of this chapter.

(c) Outside directors of the mutual holding company, a stock holding company or the reorganized insurer shall not own beneficially, in the aggregate, more than three percent of the voting stock of the stock holding company or the reorganized insurer.

(d) In no event shall any person, directly or indirectly, offer to acquire or acquire in any manner beneficial ownership of more than fifteen percent of any class of voting securities of the reorganized insurer, any stock holding company or any other institution which owns

directly or indirectly a majority or all of the voting securities of the reorganized insurer without the prior approval of the superintendent.

(e) Any issuance of voting stock or securities convertible into voting stock or options for the purchase of voting stock of the reorganized insurer or the stock holding company prior to an initial public offering, private equity placement, or the issuance of public or private voting stock or securities convertible into voting stock of the reorganized insurer or stock holding company or any other type of capital raised shall be subject to the approval of the superintendent as to the proposed valuation of such stock or securities, the superintendent may impose conditions upon such approval, and all expenses of the superintendent's review, including without limitation those of outside consultants in reviewing such proposed valuation, shall be borne by the issuing company.

(f) In the event of an initial public offering, a stock holding company or reorganized insurer may not repurchase capital stock within one year following the date of such initial public offering, except that repurchases of no greater than five percent of the outstanding stock may be repurchased during this one year period without the approval of the superintendent.

(g) In the event of any violation of this section, or of any action which, if consummated, might constitute such a violation:

(l) all voting stock of the reorganized insurer, any stock holding company, or the reorganized mutual holding company, acquired by any person in excess of the maximum amount permitted to be acquired by such person pursuant to this subsection shall be deemed to be non-voting stock; and

(2) in addition to any other enforcement powers of the superintendent, under this chapter, such violation or action may be enforced or enjoined, as the case may be, by appropriate proceeding commenced on behalf of the reorganized insurer, any stock holding company or, if applicable, a reorganized mutual holding company, by the reorganized insurer, the stock holding company, the mutual holding company or the superintendent, the attorney general, any member of the mutual holding company or, if applicable, a reorganized mutual holding company, or any stockholder of the reorganized insurer, any stock holding company or the reorganized mutual holding company in the supreme court in the judicial

district in which the reorganized insurer has its home office or in any other court having jurisdiction, and such court may issue any order, injunctive or otherwise, it finds necessary to cure such violation or to prevent such action.