

§3472. Mutualization of stock insurer

1. A stock insurer other than a title insurer may become a mutual insurer, or a combination stock and mutual insurer, under such plan and procedure as may be approved by the superintendent after a hearing thereon.

[PL 1973, c. 585, §12 (AMD).]

2. The superintendent shall not approve any such plan, procedure or mutualization unless:

A. It is equitable to stockholders and policyholders; [PL 1969, c. 132, §1 (NEW).]

B. It is subject to approval by the holders of not less than 2/3 of the insurer's outstanding capital stock having voting rights, and by not less than 2/3 of the insurer's policyholders who vote on such plan in person, by proxy or by mail pursuant to such notice and procedure as may be approved by the superintendent; [PL 1973, c. 585, §12 (AMD).]

C. If a life insurer, the right to vote thereon is limited to holders of policies other than term or group policies, and whose policies have been in force for more than one year; [PL 1969, c. 132, §1 (NEW).]

D. Mutualization will result in retirement of shares of the insurer's capital stock at a price not in excess of the fair market value thereof as determined by competent disinterested appraisers; [PL 1969, c. 132, §1 (NEW).]

E. The plan provides for the purchase of the shares of any nonconsenting stockholder in the same manner and subject to the same applicable conditions as provided by the general corporation law of the State as to rights of nonconsenting stockholders, with respect to consolidation or merger of private corporations; [PL 1969, c. 132, §1 (NEW).]

F. The plan provides for definite conditions to be fulfilled by a designated early date upon which such mutualization will be deemed effective; and [PL 1969, c. 132, §1 (NEW).]

G. The mutualization leaves the insurer with surplus funds reasonably adequate for the security of its policyholders and to enable it to continue successfully in business in the states in which it is then authorized to transact insurance, and for the kinds of insurance included in its certificates of authority in such states. [PL 1969, c. 132, §1 (NEW).]

[PL 1973, c. 585, §12 (AMD).]

3. Any such combination stock and mutual insurer referred to in subsection 1 above must have and maintain separate paid-in capital stock and basic surplus in respective amounts as would be required under this Title of separate domestic stock and mutual insurers transacting the same kind or kinds of insurance.

[PL 1969, c. 132, §1 (NEW).]

4. No director, officer, agent or employee of the insurer, or any other person, shall receive any fee, commission or other valuable consideration whatsoever, other than their customary salaries or other regular compensation, for in any manner aiding, promoting or assisting in the mutualization, except as set forth in the plan of mutualization as approved by the superintendent.

[PL 1973, c. 585, §12 (AMD).]

5. This section shall not apply to mutualization under order of court pursuant to rehabilitation or reorganization of an insurer under chapter 57.

[PL 1969, c. 132, §1 (NEW).]

SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD).

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