

providing for all reserves and other liabilities, and such advance shall not otherwise be a liability or claim against the insurer or any of its assets. No commission or promotion expenses shall be paid in connection with the advance of any such money to the insurer, and the amount of such advance shall be reported in each annual statement.

267. Directors and Executive Officers; Loans and Guarantees.

(a) No insurer authorized to do business in this State shall, except as provided in subsection (c), make any loan to any director or executive officer of such insurer, either directly or indirectly, or through its subsidiaries except on a bona fide mortgage loan ON A RESIDENCE USED FOR HIS HABITATION which has been duly approved or ratified by the board of directors; nor shall any such director or executive officer accept any such loan directly or indirectly. No such insurer shall make any advance to any of its directors or executive officers for future services to be performed beyond a period of one year from the date of making such advance.

(b) No insurer authorized to do business in this State, and no affiliate or subsidiary of such insurer, shall directly or indirectly guarantee the financial obligation of any director or executive officer of such insurer or of such affiliate, and any such guaranty shall be void, except that nothing herein contained shall prohibit an insurer from making or entering into a contract of insurance or surety bond of any kind which is authorized by its articles of incorporation for any director or executive officer.

(c) Nothing herein contained shall prohibit a life insurer from making a policy loan to any director or executive officer upon its policy or contract in an amount not exceeding the loan value.

268. Directors' Liability for Losses During Deficiency.

The directors of the insurer shall be individually liable as to losses incurred under policies issued by the insurer after expiration of the period provided in section 256 for curing any deficiency of the insurer's capital stock or surplus and prior to the curing of the deficiency.

269. Mutualization of Stock Insurers.

(a) A domestic stock insurer other than a title insurer may become a mutual insurer under such plan and procedure as may be approved by the Commissioner after a hearing thereon.

(b) The Commissioner shall not approve any such plan, procedure or mutualization unless:

(1) It is equitable to stockholders and policyholders;

(2) It is subject to approval by the holders of not less than three-fourths of the insurer's outstanding capital stock having voting rights and by not less than two-thirds 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 Commissioner;

(3) 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;