

THE COMMISSIONER MAY NOT APPROVE A PLAN OR PROCEDURE FOR MUTUALIZATION UNLESS:

(1) THE PLAN OR PROCEDURE IS EQUITABLE TO STOCKHOLDERS AND POLICYHOLDERS;

(2) THE PLAN IS SUBJECT TO APPROVAL BY VOTE OF THE HOLDERS OF AT LEAST THREE-FOURTHS OF THE INSURER'S OUTSTANDING CAPITAL STOCK WITH VOTING RIGHTS AND BY VOTE OF AT LEAST TWO-THIRDS OF THE INSURER'S POLICYHOLDERS WHO VOTE ON THE PLAN IN PERSON, BY PROXY, OR BY MAIL UNDER THE NOTICE AND PROCEDURE APPROVED BY THE COMMISSIONER;

(3) FOR A LIFE INSURER, THE RIGHT TO VOTE UNDER ITEM (2) OF THIS SUBSECTION IS LIMITED TO HOLDERS OF POLICIES, OTHER THAN TERM OR GROUP POLICIES, THAT HAVE BEEN IN FORCE FOR MORE THAN 1 YEAR;

(4) MUTUALIZATION WILL RESULT IN RETIREMENT OF SHARES OF THE INSURER'S CAPITAL STOCK AT A PRICE NOT EXCEEDING THE FAIR MARKET VALUE OF THE STOCK AS DETERMINED BY COMPETENT DISINTERESTED APPRAISERS;

(5) THE PLAN PROVIDES FOR THE PURCHASE OF THE STOCK OF AN OBJECTING STOCKHOLDER IN THE SAME MANNER AND SUBJECT TO THE SAME APPLICABLE CONDITIONS PROVIDED BY TITLE 3, SUBTITLE 2 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE FOR THE RIGHTS OF OBJECTING STOCKHOLDERS WITH RESPECT TO CONSOLIDATION OR MERGER OF CORPORATIONS;

(6) THE PLAN PROVIDES FOR DEFINITE CONDITIONS TO BE FULFILLED BY A DESIGNATED EARLY DATE ON WHICH THE MUTUALIZATION WILL BE CONSIDERED EFFECTIVE; AND

(7) THE MUTUALIZATION LEAVES THE INSURER WITH SURPLUS FUNDS THAT ARE REASONABLY ADEQUATE FOR THE SECURITY OF ITS POLICYHOLDERS AND TO ENABLE THE INSURER TO CONTINUE SUCCESSFULLY IN BUSINESS IN THE STATES WHERE IT IS THEN AUTHORIZED TO TRANSACT INSURANCE BUSINESS FOR THE KINDS OF INSURANCE INCLUDED IN ITS CERTIFICATES OF AUTHORITY IN THOSE STATES.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 269.

In subsection (c)(1) of this section, the reference to "the plan or procedure" is substituted for the former vague reference to "[i]t" to clarify that the plan or procedure must be equitable to stockholders and policyholders.

In subsection (c)(2) of this section, the reference to "the plan" is substituted for the former vague reference to "[i]t" to clarify that "the plan", but not the procedure, must be approved by certain stockholders and policyholders. This substitution conforms to § 3-121(b)(2) of this subtitle.