

(5) ALL CURRENT POLICYHOLDERS AND ALL PERSONS THAT WERE POLICYHOLDERS OF THE INSURER WITHIN 3 YEARS BEFORE THE DATE THE PLAN WAS SUBMITTED TO THE COMMISSIONER ARE ENTITLED TO PARTICIPATE IN THE PURCHASE OF STOCK OR DISTRIBUTION OF ASSETS;

(6) THE PLAN GIVES TO EACH POLICYHOLDER SPECIFIED IN ITEM (5) OF THIS SUBSECTION A PREEMPTIVE RIGHT:

(I) WITHIN A DESIGNATED REASONABLE PERIOD, TO ACQUIRE THE POLICYHOLDER'S PROPORTIONATE PART OF ALL OF THE PROPOSED CAPITAL STOCK OF THE INSURER; AND

(II) TO APPLY ON THE PURCHASE OF PROPOSED CAPITAL STOCK THE AMOUNT OF THE POLICYHOLDER'S EQUITY IN THE INSURER AS DETERMINED UNDER ITEM (4) OF THIS SUBSECTION;

(7) STOCK IS OFFERED TO POLICYHOLDERS AT A PRICE THAT IS NOT GREATER THAN THE PRICE AT WHICH THE STOCK WILL BE OFFERED TO OTHERS IN THE INITIAL OFFERING, BUT THAT IS NOT MORE THAN DOUBLE THE PAR VALUE OF THE STOCK;

(8) THE PLAN PROVIDES FOR PAYMENT TO EACH POLICYHOLDER WHO ELECTS NOT TO APPLY THE POLICYHOLDER'S EQUITY IN THE INSURER FOR OR ON THE PURCHASE PRICE OF STOCK TO WHICH THE POLICYHOLDER IS PREEMPTIVELY ENTITLED, IN CASH IN AN AMOUNT THAT EQUALS NOT LESS THAN 50% OF THE AMOUNT OF THE POLICYHOLDER'S EQUITY THAT WAS NOT USED FOR THE PURCHASE OF STOCK, AND WHICH PAYMENT, TOGETHER WITH ANY STOCK PURCHASED, CONSTITUTES FULL PAYMENT AND DISCHARGE OF THE POLICYHOLDER'S EQUITY AS AN OWNER OF THE INSURER; AND

(9) THE COMPLETED PLAN PROVIDES THAT THE CONVERTED INSURER WILL HAVE:

(I) PAID-IN CAPITAL STOCK EQUAL TO NOT LESS THAN THE MINIMUM PAID-IN CAPITAL REQUIRED OF A DOMESTIC STOCK INSURER THAT TRANSACTS LIKE KINDS OF INSURANCE BUSINESS; AND

(II) SURPLUS FUNDS EQUAL TO NOT LESS THAN 100% OF THE REQUIRED CAPITAL.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 270.

In subsection (b)(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 the insurer's members.

In subsection (b)(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 members. This substitution conforms to § 3-120(c)(2) of this subtitle.