

~~(III) A PROVISION THAT, EXCEPT FOR THE MUTUAL COMPANY'S LIFE POLICIES, GUARANTEED RENEWABLE ACCIDENT AND HEALTH POLICIES AND GUARANTEED RENEWABLE, NONCANCELABLE ACCIDENT AND HEALTH POLICIES, ON THE RENEWAL DATE OF A PARTICIPATING POLICY, THE CONVERTED STOCK COMPANY MAY ISSUE THE INSURED A NONPARTICIPATING POLICY AS A SUBSTITUTE FOR THE PARTICIPATING POLICY, AND~~

~~(3) THE SUBSCRIPTION RIGHTS OF ELIGIBLE MEMBERS, INCLUDING:~~

~~(I) A PROVISION THAT EACH ELIGIBLE MEMBER IS TO RECEIVE WITHOUT PAYMENT NONTRANSFERABLE SUBSCRIPTION RIGHTS TO PURCHASE A PORTION OF THE CAPITAL STOCK OF THE CONVERTED STOCK COMPANY AND THAT, IN THE AGGREGATE, ALL ELIGIBLE MEMBERS SHALL HAVE THE RIGHT, PRIOR TO THE RIGHT OF ANY OTHER PARTY, TO PURCHASE 100% OF THE CAPITAL STOCK OF THE CONVERTED STOCK COMPANY EXCLUSIVE OF ANY SHARES OF CAPITAL STOCK REQUIRED TO BE SOLD OR DISTRIBUTED TO HOLDERS OF SURPLUS NOTES, IF ANY AND CAPITAL STOCK PURCHASED BY THE COMPANY'S TAX QUALIFIED EMPLOYEE STOCK BENEFIT PLAN THAT IS IN EXCESS OF THE TOTAL PRICE OF THE CAPITAL STOCK ESTABLISHED UNDER SUBSECTION (D) OF THIS SECTION, AS PERMITTED BY § 3-405(C) OF THIS SUBTITLE;~~

~~(II) A PROVISION THAT EACH ELIGIBLE MEMBER IS TO RECEIVE, WITHOUT PAYMENT, NONTRANSFERABLE SUBSCRIPTION RIGHTS TO PURCHASE A PART OF THE CAPITAL STOCK OF:~~

- ~~1. A CORPORATION ORGANIZED FOR THE PURPOSE OF PURCHASING AND HOLDING ALL THE STOCK OF THE CONVERTED STOCK COMPANY;~~
- ~~2. A STOCK INSURANCE COMPANY OWNED BY THE MUTUAL COMPANY INTO WHICH THE MUTUAL COMPANY WILL BE MERGED; OR~~
- ~~3. AN UNAFFILIATED STOCK INSURANCE COMPANY OR OTHER CORPORATION THAT WILL PURCHASE ALL THE STOCK OF THE CONVERTED STOCK COMPANY; AND~~

~~(III) A PROVISION THAT THE SUBSCRIPTION RIGHTS SHALL BE ALLOCATED IN WHOLE SHARES AMONG THE ELIGIBLE MEMBERS USING A FAIR AND EQUITABLE FORMULA. THIS FORMULA MAY, BUT NEED NOT, TAKE INTO ACCOUNT HOW THE DIFFERENT CLASSES OF POLICIES OF THE ELIGIBLE MEMBERS CONTRIBUTED TO THE SURPLUS OF THE MUTUAL COMPANY OR ANY OTHER FACTORS THAT MAY BE FAIR OR EQUITABLE.~~

~~(B) THE PLAN SHALL PROVIDE A FAIR AND EQUITABLE MEANS FOR ALLOCATING SHARES OF CAPITAL STOCK IN THE EVENT OF AN OVERSUBSCRIPTION TO SHARES BY ELIGIBLE MEMBERS EXERCISING SUBSCRIPTION RIGHTS RECEIVED UNDER SUBSECTION (A)(3) OF THIS SECTION.~~

~~(C) (I) THE PLAN SHALL PROVIDE THAT ANY SHARES OF CAPITAL STOCK NOT SUBSCRIBED TO BY ELIGIBLE MEMBERS EXERCISING SUBSCRIPTION RIGHTS RECEIVED UNDER SUBSECTION (A)(3) OF THIS SECTION SHALL BE SOLD IN A PUBLIC OFFERING THROUGH AN UNDERWRITER.~~