

**Article - Insurance**

3-121.1.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "MUTUAL INSURANCE HOLDING COMPANY" MEANS A NONSTOCK CORPORATION THAT:

(I) IS INCORPORATED IN THE STATE IN ACCORDANCE WITH A PLAN OF REORGANIZATION ADOPTED AND APPROVED UNDER THIS SECTION; AND

(II) IS THE PARENT OF A REORGANIZED STOCK INSURER

(3) "REORGANIZED STOCK INSURER" MEANS THE STOCK CORPORATION INTO WHICH A MUTUAL INSURER IS REORGANIZED IN ACCORDANCE WITH A PLAN OF REORGANIZATION ADOPTED AND APPROVED UNDER THIS SECTION.

(B) SUBJECT TO THE PROVISIONS OF THIS SECTION AND IN ACCORDANCE WITH A PLAN OF REORGANIZATION APPROVED BY THE COMMISSIONER, A MUTUAL INSURER MAY:

(1) REORGANIZE AS A STOCK INSURER; AND

(2) ESTABLISH A MUTUAL INSURANCE HOLDING COMPANY.

(C) A PLAN OF REORGANIZATION SHALL PROVIDE THAT:

(1) ALL OF THE INITIAL SHARES OF CAPITAL STOCK OF THE REORGANIZED STOCK INSURER SHALL BE ISSUED TO THE MUTUAL INSURANCE HOLDING COMPANY.

(2) THE MUTUAL INSURANCE HOLDING COMPANY SHALL OWN A MAJORITY OF:

(I) THE VOTING SHARES OF THE CAPITAL STOCK OF THE REORGANIZED STOCK INSURER; AND

(II) THE TOTAL MARKET VALUE OF ALL OUTSTANDING SHARES OF THE CAPITAL STOCK OF THE REORGANIZED STOCK INSURER.

(3) THE CLASS OF CAPITAL STOCK OWNED BY THE MUTUAL INSURANCE HOLDING COMPANY SHALL HAVE DIVIDEND RIGHTS NO LESS FAVORABLE THAN THE DIVIDEND RIGHTS OF ANY OTHER CLASS OF STOCK OF THE REORGANIZED STOCK INSURER, UNLESS:

(I) AT LEAST TWO-THIRDS OF THE BOARD OF DIRECTORS OF THE MUTUAL INSURANCE HOLDING COMPANY DETERMINES THAT SUCH A REQUIREMENT IS NOT IN THE BEST INTERESTS OF THE MEMBERS; AND

(II) THE DETERMINATION OF THE BOARD OF DIRECTORS IS APPROVED BY THE COMMISSIONER.

(4) IN AN INITIAL PUBLIC OFFERING OR INITIAL PRIVATE EQUITY