

PLACEMENT OF STOCK, EACH ELIGIBLE MEMBER OF THE MUTUAL INSURANCE HOLDING COMPANY SHALL RECEIVE, WITHOUT PAYMENT, NONTRANSFERABLE SUBSCRIPTION RIGHTS TO PURCHASE STOCK, UNLESS:

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

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

(5) (I) THE FOLLOWING INDIVIDUALS MAY NOT ACQUIRE, BY STOCK OPTION OR ANY OTHER MANNER, THE LEGAL OR BENEFICIAL OWNERSHIP OF ANY CLASS OF STOCK OF THE REORGANIZED STOCK INSURER FOR 6 MONTHS FROM THE DATE OF AN INITIAL PUBLIC OFFERING OR INITIAL PRIVATE EQUITY PLACEMENT:

1. AN OFFICER OR DIRECTOR OF THE MUTUAL INSURANCE HOLDING COMPANY;
2. AN OFFICER OR DIRECTOR OF THE REORGANIZED STOCK INSURER; AND
3. ANY RELATIVE OF AN OFFICER OR DIRECTOR, WHO RESIDES WITH THE OFFICER OR DIRECTOR.

(II) NOTWITHSTANDING SUBPARAGRAPH (I) OF THIS PARAGRAPH, ANY INDIVIDUAL WHO IS A POLICYHOLDER OF THE REORGANIZED STOCK INSURER MAY EXERCISE SUBSCRIPTION RIGHTS IN ACCORDANCE WITH ~~SUBSECTION (C)(4) OF THIS SECTION~~ PARAGRAPH (4) OF THIS SUBSECTION.

(D) (1) EACH POLICYHOLDER OF THE REORGANIZED STOCK INSURER SHALL BE A MEMBER OF THE MUTUAL INSURANCE HOLDING COMPANY.

(2) ON THE EFFECTIVE DATE OF THE REORGANIZATION, THE MEMBERSHIP INTERESTS OF A POLICYHOLDER IN THE MUTUAL INSURER SHALL BECOME NONTRANSFERABLE MEMBERSHIP INTERESTS IN THE MUTUAL INSURANCE HOLDING COMPANY.

(3) THE PLAN OF REORGANIZATION SHALL PROVIDE THE TERMS AND CONDITIONS UNDER WHICH FUTURE POLICYHOLDERS OF THE REORGANIZED STOCK INSURER SHALL BECOME MEMBERS OF THE MUTUAL INSURANCE HOLDING COMPANY.

(4) AT LEAST TWO-THIRDS OF THOSE MEMBERS OF THE BOARD OF DIRECTORS OF THE MUTUAL INSURANCE HOLDING COMPANY WHO ARE ELIGIBLE OR QUALIFIED TO PURCHASE A POLICY FROM THE REORGANIZED STOCK INSURER, SHALL BE MEMBERS OF THE MUTUAL INSURANCE HOLDING COMPANY.

(E) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, EACH POLICY OF THE MUTUAL INSURER IN EFFECT ON THE EFFECTIVE DATE OF THE REORGANIZATION SHALL REMAIN IN EFFECT IN ACCORDANCE WITH ITS TERMS AND CONDITIONS.