

January 16, 1998

SENATE BILL No. 345

DIGEST OF SB0345 (Updated January 15, 1998 9:36 am - DI 97)

Citations Affected: IC 27-14.

Synopsis: Mutual insurance holding company. Authorizes a mutual insurance company to reorganize as a mutual insurance holding company (MHC) with one or more subsidiaries. Authorizes the formation of stock insurance company subsidiaries and intermediate stock holding companies as subsidiaries of an MHC, and authorizes the issuance of shares of capital stock by a stock insurance company subsidiary or an intermediate stock holding company. Requires the approval of the insurance commissioner and the favorable vote of the members of a mutual insurance company or an MHC for any plan of
(Continued next page)

Effective: Upon passage; April 1, 1998.

**Clark, Lewis, Worman, O'Day,
Craycraft**

January 8, 1998, read first time and referred to Committee on Insurance and Interstate Cooperation.
January 15, 1998, reported favorably — Do Pass.

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reorganization or plan to issue stock. Authorizes the commissioner to conduct a public hearing concerning a plan of reorganization or a plan to issue stock. Requires the commissioner to approve or disapprove a plan of reorganization or a plan to issue stock within a certain time, and requires the commissioner to approve the plan unless the commissioner makes certain findings about the plan. Authorizes an MHC, with the approval of the commissioner, to enter into a merger or consolidation or to acquire the assets of a stock insurance company or a mutual insurance company. Makes information obtained by the commissioner concerning a plan of reorganization or a plan to issue stock exempt from disclosure under the public records law. Prohibits an MHC and its subsidiaries and affiliates from taking certain actions, including the payment of any special compensation to any officer or director for participating in a stock offering.

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January 16, 1998

Second Regular Session 110th General Assembly (1998)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1997 General Assembly.

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SENATE BILL No. 345

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 27-14 IS ADDED TO THE INDIANA CODE AS
2 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE APRIL
3 1, 1998]:
4 ARTICLE 14. MUTUAL INSURANCE HOLDING COMPANY
5 LAW
6 Chapter 1. General Provisions and Definitions
7 Sec. 1. This article may be referred to as the Indiana mutual
8 insurance holding company law.
9 Sec. 2. The definitions set forth in this chapter apply throughout
10 this article.
11 Sec. 3. (a) Subject to subsections (b) and (c), "acting in concert"
12 means:
13 (1) a knowing participation in a joint activity whether or not
14 under an express agreement;
15 (2) interdependent conscious parallel action toward a common

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1 goal under an express agreement or otherwise; or
 2 (3) a combination or pooling of voting interests or other
 3 interests in the securities of a company for a common purpose
 4 under any contract, understanding, relationship, agreement,
 5 or other arrangement, written or otherwise.

6 (b) A stock benefit plan is acting in concert with:

7 (1) its trustee; or

8 (2) a person who serves in a capacity similar to a trustee;
 9 solely for the purpose of determining whether capital stock held by
 10 the trustee or the person in a similar capacity and capital stock
 11 held by the plan will be aggregated.

12 (c) An officer or director of a mutual insurance holding
 13 company or its subsidiary or affiliate is not acting in concert with
 14 any other officer or director of a mutual insurance holding
 15 company or its subsidiary or affiliate by reason of the service of the
 16 officer or director in the capacity of officer or director.

17 Sec. 4. "Adoption date" means the date on which the board of
 18 directors of an applicant approves a plan under this article.

19 Sec. 5. "Affiliate" means a person who, directly or indirectly:

20 (1) controls;

21 (2) is controlled by; or

22 (3) is under common control with;

23 another person.

24 Sec. 6. "Applicant" means a company that has submitted the
 25 plan to the commissioner under this article.

26 Sec. 7. (a) Subject to subsection (b), "associate" means any of
 27 the following:

28 (1) With respect to a particular person, a corporation,
 29 business entity, or other organization (other than the
 30 applicant or a subsidiary or an affiliate of the applicant) for
 31 which the person is:

32 (A) an officer;

33 (B) a partner; or

34 (C) directly or indirectly the beneficial owner of at least
 35 ten percent (10%) of any class of equity securities.

36 (2) With respect to an individual who is a director or an
 37 officer of the applicant or of any of the applicant's
 38 subsidiaries or affiliates, a:

39 (A) relative;

40 (B) spouse; or

41 (C) relative of the spouse;

42 of the individual who shares the domicile of the individual.



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1 (3) With respect to a particular person, any trust or other
2 estate in which the person has a substantial beneficial interest
3 or for which the person serves as trustee or in a similar
4 fiduciary capacity.

5 (b) The term does not apply to a person that:

6 (1) has a beneficial interest in; or

7 (2) serves as a trustee or in a similar fiduciary capacity for;
8 a stock benefit plan.

9 Sec. 8. "Board" refers to the board of directors of a mutual
10 insurance holding company, an intermediate stock holding
11 company, or a stock insurance company subsidiary.

12 Sec. 9. "Commissioner" refers to the insurance commissioner
13 appointed under IC 27-1-1-2.

14 Sec. 10. "Company" means an entity:

15 (1) formed and legally existing under this title; or

16 (2) that:

17 (A) is owned, entirely or in part, directly or indirectly, by
18 a mutual insurance holding company; and

19 (B) owns directly or indirectly all or part of the stock of a
20 stock insurance company subsidiary.

21 Sec. 11. "Effective date" means, with respect to a plan, the date
22 on which the plan becomes effective under IC 27-14-4-12.

23 Sec. 12. "Eligible member" means, with respect to a plan, a
24 person who is a member of a company on the adoption date of a
25 plan.

26 Sec. 13. "Intermediate stock holding company" means a
27 company other than a stock insurance company subsidiary and its
28 subsidiaries that:

29 (1) is owned, entirely or in part, directly or indirectly, by a
30 mutual insurance holding company; and

31 (2) directly or indirectly owns all or part of the capital stock
32 of a stock insurance company subsidiary.

33 Sec. 14. "Internal Revenue Code" refers to the Internal Revenue
34 Code of 1986, as amended.

35 Sec. 15. "Member" means a person that, according to the:

36 (1) records; and

37 (2) articles of incorporation and bylaws;

38 of a mutual company, is a member of the mutual company.

39 Sec. 16. "Mutual company" means a mutual insurance company
40 or a mutual insurance holding company.

41 Sec. 17. "Mutual insurance company" means a domestic mutual
42 insurer authorized to write one (1) or more of the classes of

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insurance contained in IC 27-1-5-1 that is:

- (1) submitting; or
- (2) subject to;

a plan of reorganization under this article.

Sec. 18. "Mutual insurance holding company" means a mutual insurance holding company established under IC 27-14-2.

Sec. 19. "Outside director" means an individual:

- (1) who is a member of a board of:
 - (A) a mutual insurance holding company;
 - (B) an intermediate stock holding company; or
 - (C) a stock insurance company subsidiary;
- (2) who is not an officer, employee, or consultant of:
 - (A) the mutual insurance holding company, intermediate stock holding company, or stock insurance company subsidiary on whose board the individual serves; or
 - (B) a parent company or subsidiary of the mutual insurance holding company, intermediate stock holding company, or stock insurance company subsidiary on whose board the individual serves;
- (3) who does not directly or indirectly own, control, or hold more than one percent (1%) of the issued and outstanding voting capital stock of:
 - (A) the intermediate stock holding company, or stock insurance company subsidiary on whose board the individual serves; or
 - (B) a parent company or subsidiary of the mutual insurance holding company, intermediate stock holding company, or stock insurance company subsidiary on whose board the individual serves; and
- (4) who is not an officer, member of the board of directors, employee, or member of the immediate family of a person who directly or indirectly owns, controls, or holds more than one percent (1%) of the issued and outstanding voting capital stock of:
 - (A) the intermediate stock holding company, or stock insurance company subsidiary on whose board the individual serves; or
 - (B) a parent company or subsidiary of the mutual insurance holding company, intermediate stock holding company, or stock insurance company subsidiary on whose board the individual serves.

Sec. 20. "Parent company" means any of the following:

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- 1 (1) As to an intermediate stock holding company, the mutual
 2 holding company, or the intermediate stock holding company
 3 of which the intermediate stock holding company is a
 4 subsidiary.
- 5 (2) As to a stock insurance company subsidiary, the mutual
 6 holding company, or intermediate stock holding company of
 7 which the stock insurance company subsidiary is a subsidiary.
- 8 **Sec. 21. "Participating policy" means an insurance policy**
 9 **providing for the distribution of dividends in the form of:**
- 10 (1) cash payments;
 11 (2) reduced premiums;
 12 (3) units of paid-up life insurance;
 13 (4) dividends left on deposit; or
 14 (5) the purchase of term insurance.
- 15 **Sec. 22. "Person" means any of the following:**
- 16 (1) An individual.
 17 (2) An aggregation of individuals.
 18 (3) A trust.
 19 (4) An association.
 20 (5) A partnership.
 21 (6) A limited liability company.
 22 (7) A corporation.
- 23 **Sec. 23. "Plan" means:**
- 24 (1) a plan of reorganization; or
 25 (2) a plan to issue stock.
- 26 **Sec. 24. "Plan of reorganization" means a plan adopted under**
 27 **IC 27-14-2.**
- 28 **Sec. 25. "Plan to issue stock" means a plan to issue shares of**
 29 **voting capital stock adopted under IC 27-14-3.**
- 30 **Sec. 26. "Policy" means a contract providing one (1) or more of**
 31 **the kinds of insurance described in IC 27-1-5-1.**
- 32 **Sec. 27. "Stock benefit plan" means a plan established by a**
 33 **mutual insurance holding company, or by one (1) or more of the**
 34 **subsidiaries of a mutual insurance holding company, for the benefit**
 35 **of:**
- 36 (1) officers;
 37 (2) employees;
 38 (3) directors;
 39 (4) consultants;
 40 (5) independent contractors;
 41 (6) agents; or
 42 (7) a combination of the persons referred to in subdivisions (1)



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1 through (6).

2 **Sec. 28. "Stock insurance company subsidiary" means a stock**
 3 **insurance company that is owned entirely or in part by a mutual**
 4 **insurance holding company or an intermediate stock holding**
 5 **company.**

6 **Sec. 29. "Subsidiary" means, with respect to a particular**
 7 **person, an affiliate of the person that is controlled by the person,**
 8 **either directly or indirectly, through one (1) or more**
 9 **intermediaries.**

10 **Sec. 30. (a) "Voting capital stock" means capital stock whose**
 11 **holder has the right to vote in the election of directors.**

12 **(b) The term does not include capital stock for which the right**
 13 **to vote in the election of directors is conditional upon the**
 14 **occurrence or nonoccurrence of a specified event.**

15 **Chapter 2. Mutual Insurance Company Reorganization**

16 **Sec. 1. (a) A mutual insurance company may, upon:**

- 17 **(1) the approval by the commissioner of its application; and**
 18 **(2) the favorable vote of its members under sections 8 through**
 19 **12 of this chapter;**

20 **reorganize under this chapter as a mutual insurance holding**
 21 **company with one (1) or more subsidiaries.**

22 **(b) The subsidiaries of a mutual insurance company that**
 23 **reorganizes as a mutual insurance holding company under this**
 24 **chapter:**

- 25 **(1) must include at least one (1) stock insurance company**
 26 **subsidiary; and**
 27 **(2) may include one (1) or more intermediate stock holding**
 28 **companies or one (1) or more stock insurance companies the**
 29 **policyholders of which are not and do not become members of**
 30 **the mutual insurance holding company.**

31 **Sec. 2. The reorganization of a mutual insurance company as a**
 32 **mutual insurance holding company under this chapter, or the**
 33 **reorganization of two (2) or more mutual insurance companies as**
 34 **a single mutual insurance holding company under this chapter,**
 35 **may be accomplished by any means approved by the commissioner,**
 36 **including the following:**

- 37 **(1) The establishment of at least one (1) company.**
 38 **(2) The amendment or restatement of the articles and bylaws**
 39 **of any company.**
 40 **(3) The transfer or acquisition of any or all of the assets and**
 41 **liabilities of any company.**
 42 **(4) The transfer or acquisition of any or all of the capital stock**



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1 of any company.

2 (5) The merger of two (2) or more companies.

3 **Sec. 3. After the effective date of the reorganization of a mutual**
 4 **insurance company as a mutual insurance holding company under**
 5 **this chapter, the mutual insurance holding company must at all**
 6 **times have the direct or indirect power to cast at least a majority**
 7 **of the votes for the election of directors of:**

8 (1) each stock insurance company subsidiary; and

9 (2) any intermediate stock holding company.

10 **Sec. 4. A plan of reorganization under this chapter must be**
 11 **adopted by the board of directors of the mutual insurance**
 12 **company and by a vote of at least seventy-five percent (75%) of the**
 13 **members of the entire board.**

14 **Sec. 5. Within ninety (90) days after the adoption of a plan of**
 15 **reorganization and before a vote on the plan by the members, the**
 16 **company adopting the plan must file with the commissioner an**
 17 **application containing the following:**

18 (1) A plan of reorganization.

19 (2) The form of notice to be sent to members under this
 20 chapter, informing members of their right to vote on the plan.

21 (3) The form of the proxy statement to be used in soliciting the
 22 votes of members under section 11 of this chapter.

23 (4) The form of proxy to be solicited from members.

24 (5) A copy of the:

25 (A) proposed articles of incorporation; and

26 (B) bylaws;

27 of each company to be formed under the plan under
 28 IC 27-1-6.

29 (6) If it is necessary to amend the current articles of
 30 incorporation or bylaws of any company that is affected by
 31 the plan, a copy of:

32 (A) the proposed articles of amendment; and

33 (B) amended bylaws;

34 of the company, which in the case of each domestic insurance
 35 company must comply with IC 27-1-8.

36 (7) A list of the officers and directors of each company that is
 37 affected by the plan of reorganization.

38 **Sec. 6. (a) A plan of reorganization filed with the commissioner**
 39 **under this chapter must meet the following requirements:**

40 (1) It must describe all significant terms of the proposed
 41 reorganization.

42 (2) It must incorporate any plan to issue stock that may be

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1 proposed in connection with the plan of reorganization.

2 (3) It must describe:

3 (A) the reasons for and the purposes of the proposed
4 reorganization; and

5 (B) the manner in which the reorganization is expected to
6 benefit and serve the best interests of the policyholders.

7 (4) It must provide that, after the effective date, the mutual
8 insurance holding company must at all times have the direct
9 or indirect power to cast at least a majority of the votes for
10 the election of directors of:

11 (A) each stock insurance company subsidiary; and

12 (B) any intermediate stock holding company.

13 (5) It must provide that:

14 (A) the membership interests of the members of the mutual
15 insurance company will remain membership interests in
16 the mutual insurance holding company in accordance with
17 the articles of incorporation and bylaws of the mutual
18 insurance holding company;

19 (B) the membership interest of a member of the mutual
20 insurance holding company cannot be transferred,
21 assigned, pledged, or alienated in any manner except in
22 connection with a transfer, assignment, pledge, or
23 alienation of the policy from which the membership
24 interest is derived; and

25 (C) the membership interest of a member of the mutual
26 insurance holding company will automatically terminate
27 upon the lapse or other termination of the policy from
28 which the membership interest is derived.

29 (6) It must describe how the plan of reorganization is to be
30 carried out, including a description of any contemplated
31 transfer, acquisition, or assumption of assets, rights,
32 franchises, interests, debts, liabilities, or other obligations of
33 the applicant and any other company affected by the plan of
34 reorganization.

35 (7) It must describe:

36 (A) the establishment of any companies;

37 (B) the amendment or restatement of the articles and
38 bylaws of any company; and

39 (C) the merger of any companies;

40 that will take place under the plan of reorganization.

41 (8) It must provide a list of:

42 (A) all individuals who are or have been selected to become

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1 **directors and officers of the mutual insurance holding**
 2 **company and its stock insurance company subsidiaries and**
 3 **intermediate stock holding company subsidiaries; and**

4 **(B) other individuals who perform or will perform duties**
 5 **customarily performed by a director or executive officer.**

6 **The list prepared under this subdivision must include, for**
 7 **each individual on the list, the individual's principal**
 8 **occupation, all offices and positions that the individual has**
 9 **held in the preceding five (5) years, and any crime of which**
 10 **the individual has been convicted (other than traffic**
 11 **violations) in the preceding ten (10) years.**

12 **(9) With respect to a policy of any stock insurance company**
 13 **subsidiary that goes into force after the effective date of the**
 14 **reorganization, it must provide that:**

15 **(A) the owner of the policy; or**

16 **(B) another person or persons specified in:**

17 **(i) the policy; or**

18 **(ii) the mutual insurance holding company's articles of**
 19 **incorporation or bylaws;**

20 **will become a member of the mutual insurance holding**
 21 **company, except that a plan of reorganization may provide**
 22 **that any person who becomes an owner of a policy or who**
 23 **would otherwise become a member under a policy during a**
 24 **particular period of not more than five (5) years immediately**
 25 **after the effective date of the plan of reorganization will not**
 26 **become a member until after the expiration of that period.**

27 **(10) It must provide that, with regard to a policy in force on**
 28 **the effective date of the plan of reorganization:**

29 **(A) the policy will continue to remain in force under its**
 30 **terms, including those terms respecting policyholder rights**
 31 **to benefits, values, guarantees, and other policy obligations**
 32 **of the mutual insurance company; and**

33 **(B) the policyholder will continue to have the right to**
 34 **receive dividends as provided in the policy.**

35 **(11) It must describe the nature and content of the annual**
 36 **report and financial statement to be sent to each member**
 37 **following the reorganization.**

38 **(12) It must provide any additional information that the**
 39 **commissioner may request.**

40 **(b) A plan of reorganization that is filed with the commissioner**
 41 **under this chapter may also include any other provision acceptable**
 42 **to the commissioner.**

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1 **Sec. 7. (a) A plan of reorganization that is adopted by the board**
2 **of directors of the applicant may be:**

3 **(1) amended by the board of directors of the applicant:**

4 **(A) in response to the comments or recommendations of**
5 **the commissioner, or any other state or federal agency or**
6 **entity, before any solicitation of proxies from the members**
7 **to vote on the plan of reorganization; and**

8 **(B) otherwise, at any time, with the consent of the**
9 **commissioner; or**

10 **(2) terminated by the board of directors of the applicant:**

11 **(A) at any time before the members vote on the plan of**
12 **reorganization; and**

13 **(B) otherwise, at any time, with the consent of the**
14 **commissioner.**

15 **(b) For the plan of reorganization to be:**

16 **(1) amended; or**

17 **(2) terminated;**

18 **by the board of a mutual insurance company, at least seventy-five**
19 **percent (75%) of the members of the board of directors must vote**
20 **in favor of the amendment or termination.**

21 **Sec. 8. (a) A plan of reorganization must be submitted for**
22 **approval by the members at a special or annual meeting of**
23 **members held under IC 27-1-7-7.**

24 **(b) The meeting of members held under subsection (a) must be**
25 **held after the commissioner has approved the plan under**
26 **IC 27-14-4-6.**

27 **Sec. 9. As provided in IC 27-1-7-9, a member:**

28 **(1) may vote in person or by proxy; and**

29 **(2) is entitled to cast only one (1) vote on the proposed plan of**
30 **reorganization, regardless of the number of policies or the**
31 **amount of insurance that the member may have with the**
32 **applicant or any affiliate of the applicant.**

33 **Sec. 10. All members, in accordance with IC 27-1-7-7, must be**
34 **sent notice of the meeting at which the plan of reorganization will**
35 **be submitted for approval by the members.**

36 **Sec. 11. A person soliciting a proxy from a member shall**
37 **provide all members with a proxy statement that:**

38 **(1) identifies the person soliciting the proxy;**

39 **(2) informs the member of the right to vote upon the plan of**
40 **reorganization and the vote required for approval;**

41 **(3) explains that a proxy is revocable;**

42 **(4) briefly describes the proposed plan of reorganization and**

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1 any voting capital stock to be offered;

2 (5) explains the use of any new capital to be raised; and

3 (6) describes any stock benefit plan.

4 **Sec. 12.** A plan of reorganization is approved under this chapter
5 upon the affirmative vote of at least sixty-seven percent (67%) of
6 the votes cast by eligible members.

7 **Sec. 13.** After the effective date of the plan of reorganization,
8 policyholder dividends shall be based upon the contribution to
9 surplus principle or any other principle which the commissioner
10 may approve that is fair and equitable to policyholders. The
11 commissioner may require the establishment of a closed block or
12 other mechanism under terms and conditions that the
13 commissioner finds to be fair and equitable in the protection of
14 mutual insurance company policyholder interests.

15 **Sec. 14.** Within thirty (30) days after members have approved
16 a plan of reorganization under this chapter, the applicant must file
17 with the commissioner the minutes of the meeting at which the plan
18 of reorganization was approved.

19 **Sec. 15.** A stock insurance subsidiary to which insurance
20 policies, contracts, and other assets and obligations are transferred
21 in connection with a plan of reorganization under this chapter has,
22 with respect to the insurance policies, contracts, and other assets
23 and obligations, all rights, liabilities, and authority of the mutual
24 insurance company that is the subject of the plan of reorganization.

25 **Sec. 16.** If a proceeding is pending against a mutual insurance
26 company that is the subject of a plan of reorganization under this
27 chapter:

28 (1) the proceeding may be continued against the mutual
29 insurance holding company after the effective date, as if the
30 reorganization had not occurred; or

31 (2) the stock insurance company subsidiary that succeeds to
32 the mutual insurance company's business may be substituted
33 in the proceeding for the mutual insurance company.

34 **Chapter 3. Issuance of Capital Stock**

35 **Sec. 1.** A subsidiary organized under this title may issue shares
36 of any class or type of capital stock permitted under this title, and
37 any intermediate stock holding company may issue any type of
38 stock permitted by the law under which it is organized. However,
39 a stock insurance company subsidiary and an intermediate stock
40 holding company may issue shares of voting capital stock to a
41 person or entity other than:

42 (1) the mutual insurance holding company of which it is a

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1 subsidiary; or
 2 (2) an intermediate stock holding company that is a subsidiary
 3 of the mutual insurance holding company referred to in
 4 subdivision (1);
 5 only in compliance with this chapter.

6 Sec. 2. A plan to issue voting capital stock under this chapter
 7 must be adopted:

- 8 (1) by the board of directors of the mutual insurance
 9 company; or
- 10 (2) in the case of a plan to issue shares of voting capital stock
 11 that is not concurrent with the formation of the mutual
 12 insurance holding company, by the board of directors of the
 13 stock insurance company subsidiary or intermediate stock
 14 holding company proposing to issue the stock.

15 Sec. 3. A board of directors that adopts a plan to issue voting
 16 capital stock under this chapter may amend or withdraw that plan
 17 at any time before the effective date. However, after the
 18 commissioner has approved a plan to issue voting capital stock, the
 19 plan may not be amended unless the commissioner approves the
 20 amendment.

21 Sec. 4. Within ninety (90) days after the adoption of a plan to
 22 issue voting capital stock, the stock insurance company subsidiary
 23 or intermediate stock holding company adopting the plan must file
 24 with the commissioner an application that contains the following:

- 25 (1) A proposed plan to issue voting capital stock.
- 26 (2) The form of notice to be sent to members, informing
 27 members of their right to vote on the plan.
- 28 (3) The form of the proxy statement to be used to solicit the
 29 votes of members, which must describe the plan.
- 30 (4) The form of proxy to be solicited from members.
- 31 (5) A copy of the proposed articles of incorporation and
 32 bylaws of each company to be formed under the plan under
 33 IC 27-1-6.
- 34 (6) If it is necessary to amend the current articles of
 35 incorporation or bylaws of any company that is affected by
 36 the plan, a copy of the proposed articles of amendment and
 37 amended bylaws of the company, which, in the case of each
 38 domestic insurance company, must comply with the
 39 requirements of IC 27-1-8.
- 40 (7) A list of the officers and directors of each company that is
 41 affected by the plan.
- 42 (8) A description of:

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- 1 (A) the voting capital stock intended to be offered by the
- 2 applicant;
- 3 (B) all shareholder rights applicable to the voting capital
- 4 stock intended to be offered by the applicant;
- 5 (C) the total number of shares authorized to be issued;
- 6 (D) the estimated number of shares the applicant intends
- 7 to offer; and
- 8 (E) the intended date or range of dates for the offering.
- 9 (9) A list of:
- 10 (A) the name or names of any underwriter, syndicate
- 11 member, or placement agent involved;
- 12 (B) if known by the applicant, the name or names of each
- 13 person or group of persons who will control five percent
- 14 (5%) or more of the total outstanding shares of the class of
- 15 voting capital stock to be offered; and
- 16 (C) if any of the persons listed under clause (A) or (B) is a
- 17 corporation or other business organization, the name of
- 18 each member of its board of directors or equivalent
- 19 management body.
- 20 (10) A description of all expenses expected to be incurred in
- 21 connection with the offering.
- 22 (11) Any other information requested by the commissioner.
- 23 **Sec. 5. The commissioner may conduct a public hearing**
- 24 **concerning a plan to issue stock under chapter 4 of this article.**
- 25 **Sec. 6. A plan to issue voting capital stock that is filed with the**
- 26 **commissioner under this chapter must do the following:**
- 27 (1) Describe the reasons for and the purposes of the proposed
- 28 issuance of shares of voting capital stock, and the manner in
- 29 which the issuance is expected to benefit and serve the best
- 30 interests of the members.
- 31 (2) Require that, after the effective date, the mutual insurance
- 32 holding company must at all times have the direct or indirect
- 33 power to cast at least a majority of the votes for the election
- 34 of directors of each stock insurance company subsidiary and
- 35 any intermediate stock holding company.
- 36 (3) Provide that the aggregate total number of shares of
- 37 voting capital stock that may be purchased by the directors
- 38 and officers of the mutual insurance holding company and its
- 39 subsidiaries and associates may not exceed thirty percent
- 40 (30%) of the total number of shares of voting capital stock to
- 41 be issued, not including any shares attributed to the officers
- 42 and directors and their associates but held by one (1) or more

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tax-qualified employee stock benefit plans.

(4) Provide that the aggregate total number of shares of voting capital stock that may be purchased by:

- (A) a single director or officer of the mutual insurance holding company or the subsidiaries of the mutual insurance holding company;
- (B) associates of the person referred to in clause (A); and
- (C) persons acting in concert with the person referred to in clause (A) or (B);

may not exceed five percent (5%) of the total number of shares to be issued under the plan, not including any shares attributed to the officers and directors and their associates but held by one (1) or more tax-qualified employee stock benefit plans.

(5) Provide that a director, officer, agent, or employee of the mutual insurance holding company or its subsidiaries, or an associate of a director, officer, agent, or employee, may not receive any fee, commission, or other valuable consideration for aiding, promoting, or assisting in the issuance of voting capital stock under this section, except for:

- (A) compensation as provided for in the plan and approved by the commissioner;
- (B) the person's usual, regular salary or compensation; and
- (C) reasonable fees and compensation paid to an individual who is an attorney, accountant, or actuary for services performed in the individual's independent practice, even if the individual is also a director, officer, agent, or employee of the mutual insurance holding company or its subsidiaries.

(6) Describe:

- (A) how the offering price of the voting capital stock to be sold was established; or
- (B) the method by which the offering price will be determined.

Sec. 7. (a) A plan to issue voting capital stock in a public offering (other than an offering solely in connection with a consolidation, merger, share exchange, or other business combination or an offering of stock under a stock option plan) must do the following:

- (1) Provide for each eligible member to receive, without payment, nontransferable subscription rights to purchase a portion of the voting capital stock of the applicant.

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(2) Specify how subscription rights are to be allocated in whole shares of voting capital stock among the eligible members.

(3) Provide a fair and equitable means for allocating shares of voting capital stock in the event of an oversubscription to the shares by eligible members exercising subscription rights received under this chapter.

(4) Provide that any shares of voting capital stock not subscribed to by eligible members exercising subscription rights received under this chapter, or not subscribed to by a stock benefit plan or by directors, officers, and employees exercising subscription rights, will be sold:

- (A) in a public offering through an underwriter;
- (B) through private placement; or
- (C) by any other method approved by the commissioner that is fair and equitable to members.

(5) Require a person that exercises subscription rights to:

- (A) purchase at least the minimum number of shares of voting capital stock; or
- (B) if the person purchases less than the minimum number of shares, make a purchase of shares of voting capital stock in at least the minimum amount.

(6) Establish a pricing committee within the board of directors of the entity making the offering of voting capital stock, consisting exclusively of directors who are not officers or employees of the mutual insurance holding company or any of its subsidiaries, with the responsibility of evaluating and approving the price of voting capital stock sold in the offering.

(b) The minimum number of shares of voting capital stock established under subsection (a)(5)(A) may not exceed one hundred (100) shares.

(c) The minimum amount of a purchase of shares of voting capital stock established under subsection (a)(5)(B) may not exceed two thousand dollars (\$2,000).

Sec. 8. A plan to issue voting capital stock may do the following:

(1) Provide an allocation without payment of nontransferable subscription rights to purchase not more than ten percent (10%) of the total amount of voting capital stock issued under the plan to one (1) or more stock benefit plans that satisfy the requirements of section 401(a), 403(b), 404(c), 408, 423, or 501(c)(9) of the Internal Revenue Code, limited to the extent that unsubscribed shares of voting capital stock remain after

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1 the members have exercised their subscription rights.

2 (2) Provide for:

3 (A) the establishment of; and

4 (B) the allocation of not more than four percent (4%) of
5 the total amount of voting capital stock issued under the
6 stock issuance plan to;

7 a stock benefit plan that provides benefits that are subject to
8 taxation under section 83 of the Internal Revenue Code or
9 that complies with the requirements of section 422 of the
10 Internal Revenue Code, for the purpose of granting stock or
11 stock options.

12 (3) Provide an allocation without payment of nontransferable
13 subscription rights to purchase voting capital stock to any
14 director, officer, or employee of a mutual insurance company,
15 a mutual insurance holding company, or a subsidiary of a
16 mutual insurance holding company:

17 (A) limited to the extent that unsubscribed shares of voting
18 capital stock remain after the members and any stock
19 benefit plans have exercised their subscription rights; and

20 (B) in the case of officers and directors, subject to the
21 purchase limitations contained in section 6(3) and 6(4) of
22 this chapter.

23 (4) Provide that the articles of incorporation of a subsidiary
24 of the mutual insurance holding company may, subject to any
25 specified exceptions, prohibit a:

26 (A) person; or

27 (B) group of persons acting in concert;

28 acting directly or through associates, from acquiring more
29 than a specified percentage of any class of the issued and
30 outstanding shares of capital stock of the issuing subsidiary.

31 (5) Provide that the aggregate total number of shares of
32 voting capital stock that may be purchased by an eligible
33 member that exercises subscription rights may not exceed:

34 (A) a specified number of shares equal to at least one
35 percent (1%) of the total number of shares to be issued
36 under the plan; or

37 (B) a specified percentage of not less than one percent
38 (1%) of the total number of shares to be issued under the
39 plan.

40 (6) Provide that subscription rights need not be granted to an
41 eligible member who resides in a foreign country or other
42 jurisdiction as to which the commissioner determines that all

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of the following apply:

(A) A small number of eligible members reside in the jurisdiction.

(B) The granting of subscription rights or the offer or sale of voting capital stock to eligible members in the jurisdiction would require the issuer or its officers or directors to:

(i) register, under the securities laws of the jurisdiction, as a broker, dealer, salesman, or agent; or

(ii) register, or otherwise qualify, the voting capital stock for sale in the jurisdiction.

(C) The registration, qualification, or filing in the judgment of the commissioner would be impracticable or unduly burdensome for reasons of cost or otherwise.

(7) Include any other provision acceptable to the commissioner.

Sec. 9. A stock insurance company subsidiary or intermediate stock holding company may offer and sell voting capital stock without complying with sections 2 through 8 of this chapter if the board of directors of the stock insurance company subsidiary or intermediate stock holding company approves the offer and sale, and all of the following conditions are satisfied:

(1) The offer is not the first offering of voting capital stock by the stock insurance company subsidiary or intermediate stock holding company to a person or persons other than a mutual insurance holding company or intermediate stock holding company.

(2) The stock that is to be offered and sold:

(A) is listed or approved for listing upon notice of issuance on the New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange, or any other exchange approved and designated by the commissioner;

(B) is designated or approved for designation upon notice of issuance on the National Association of Securities Dealers Automated Quotation - National Market System or any other national market system approved or designated by the commissioner; or

(C) is of senior rank or substantially equal rank to stock of the same issuer that is listed or designated as described in clause (A) or (B).

(3) The stock insurance company subsidiary or intermediate stock holding company intending to make the offering delivers

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to the commissioner, at least thirty (30) days before commencing the offering, a notice containing the following information:

(A) The name of the entity intending to make the offering and of the affiliated mutual insurance holding company.

(B) The total number and type of shares that are intended to be offered.

(C) The intended date of the sale and whether the sale will be by an underwritten public offering, a private offering, or otherwise.

(D) The exchanges on which the shares (or shares of junior or substantially equal rank) are listed, or the national market systems on which the shares are designated (demonstrating compliance with subdivision (2)), together with the symbols under which the shares are traded.

(E) A record of the trading price and trading volume of the shares during the immediately preceding fifty-two (52) weeks.

(4) The commissioner does not issue a written objection to the offering and sale of voting capital stock under this section within twenty (20) days after the commissioner receives the notice filed under subdivision (3).

(5) The offer and sale of stock is completed not more than one hundred eighty (180) days after the commissioner receives the notice filed under subdivision (3), except as otherwise provided by order of the commissioner.

Chapter 4. Public Hearing, Commissioner Approval, and Effective Date of Plan

Sec. 1. Not more than:

(1) sixty (60) days after the acceptance of an application filed with respect to any plan under this article; or

(2) a longer period after the application is filed, determined by the commissioner upon a showing of good cause;

the commissioner shall, with respect to a plan of reorganization, conduct a public hearing in Indianapolis at a place, date, and time specified by the commissioner to afford interested persons an opportunity to present information, views, arguments, or comments in regard to a plan proposed under this article.

Sec. 2. (a) The commissioner shall provide written notice of a hearing held under this chapter at least thirty (30) days before the hearing by publication in:

(1) a newspaper of general circulation in the city of

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- 1 **Indianapolis;**
- 2 **(2) a newspaper of general circulation in the city in which the**
- 3 **principal office of the applicant is located; and**
- 4 **(3) a newspaper of general circulation in another city or cities**
- 5 **that the commissioner considers appropriate;**
- 6 **and may provide written notice of the hearing by the other means**
- 7 **and to other persons that the commissioner considers appropriate.**
- 8 **(b) The notice provided under this section must:**
- 9 **(1) refer to the applicable statutory provisions;**
- 10 **(2) state the date, time, and location of the hearing; and**
- 11 **(3) include a brief statement of the subject of the hearing.**
- 12 **Sec. 3. At a hearing held under this chapter:**
- 13 **(1) any interested person may appear and:**
- 14 **(A) file a written statement;**
- 15 **(B) make an oral presentation;**
- 16 **(C) pose questions to the mutual insurance company or the**
- 17 **mutual insurance holding company; or**
- 18 **(D) examine the evidence; and**
- 19 **(2) at the discretion of the commissioner or the**
- 20 **commissioner's appointee, testimony may be taken under oath**
- 21 **or by affirmation.**
- 22 **Sec. 4. At least thirty (30) days before the public hearing, the**
- 23 **mutual insurance company or the mutual insurance holding**
- 24 **company shall provide the members notice of the public hearing**
- 25 **with information about the plan sufficient, as reasonably**
- 26 **determined by the commissioner, to allow members to make**
- 27 **informed decisions about participation in the public hearing. Upon**
- 28 **a member's request, the mutual insurance company or mutual**
- 29 **insurance holding company shall provide the member with any**
- 30 **public information submitted to the commissioner in its application**
- 31 **which is responsive to the member's request.**
- 32 **Sec. 5. The commissioner shall approve or disapprove any plan**
- 33 **submitted under this article not later than:**
- 34 **(1) sixty (60) days after a public hearing is held under this**
- 35 **chapter; or**
- 36 **(2) one hundred twenty (120) days after the commissioner**
- 37 **accepts the application relating to the plan.**
- 38 **Sec. 6. The commissioner shall approve a plan submitted under**
- 39 **this article unless the commissioner makes at least one (1) of the**
- 40 **following findings with respect to the plan:**
- 41 **(1) Disapproval of the plan is necessary to prevent practices**
- 42 **that will cause financial impairment to the applicant or its**

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- 1 subsidiaries.
- 2 (2) The financial or management resources of the applicant or
- 3 its subsidiaries or affiliates warrant disapproval.
- 4 (3) The plan does not comply with this article.
- 5 (4) The proposed plan would be unfair and inequitable to
- 6 members.
- 7 Sec. 7. (a) The commissioner shall immediately notify the
- 8 applicant upon reaching a decision on a plan submitted under this
- 9 article.
- 10 (b) If the commissioner disapproves a plan, the commissioner
- 11 shall provide the applicant with a written statement detailing the
- 12 reasons for the disapproval.
- 13 Sec. 8. The approval by the commissioner of a plan to issue
- 14 voting capital stock expires one hundred eighty (180) days after the
- 15 date of approval, except as otherwise provided by an order of the
- 16 commissioner.
- 17 Sec. 9. The organization of any domestic insurance company
- 18 under a plan under this article must be conducted under IC 27-1-6
- 19 concerning the formation of domestic insurance companies, except
- 20 as provided in section 11 of this chapter.
- 21 Sec. 10. The amendment of the articles of incorporation of a
- 22 domestic insurance company under a plan under this article must
- 23 be conducted under IC 27-1-8, except as provided in section 11 of
- 24 this chapter and except that the commissioner, the attorney
- 25 general, and the secretary of state shall examine and, if warranted,
- 26 approve the proposed articles of amendment of any domestic
- 27 insurance company before the amended articles are submitted to
- 28 the members for approval.
- 29 Sec. 11. (a) Before the commissioner issues a permit for
- 30 completion of organization under subsection (b):
- 31 (1) the commissioner must issue notice to the applicant that
- 32 the commissioner has approved the plan of reorganization of
- 33 the applicant under section 7 of this chapter;
- 34 (2) in the case of a reorganization authorized under
- 35 IC 27-14-2-1 through IC 27-14-2-3, the commissioner must
- 36 receive the minutes of the meeting of the members at which
- 37 the plan was approved under IC 27-14-2-14;
- 38 (3) the articles of incorporation of the applicant must be
- 39 certified by the secretary of state and transmitted to the
- 40 commissioner; and
- 41 (4) if required by the commissioner, the applicant must post
- 42 a surety bond.



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1 (b) After the events referred to in subsection (a), the
2 commissioner shall issue:

- 3 (1) a permit for completion of organization under
- 4 IC 27-1-6-11, in the case of a newly organized company; or
- 5 (2) an amended certificate of authority under IC 27-1-8-9, in
- 6 the case of amended articles of incorporation.

7 **Sec. 12. (a)** A plan of reorganization is effective when each
8 company affected by the plan has filed:

- 9 (1) its articles of incorporation or, if appropriate, its articles
- 10 of amendment; and
- 11 (2) the certificate of authority issued to the company by the
- 12 commissioner under this chapter;

13 in the office of the county recorder of the county in which the
14 principal office of the company is located.

15 (b) A plan to issue voting capital stock is effective on the date on
16 which the voting capital stock is issued.

17 **Sec. 13.** The commissioner may, at the applicant's expense, hire
18 attorneys, actuaries, accountants, investment bankers, and other
19 experts as may be reasonably necessary to assist the commissioner
20 in reviewing an application submitted under this article.

21 **Chapter 5. Mutual Insurance Holding Companies**

22 **Sec. 1.** A mutual insurance holding company organized under
23 this article:

- 24 (1) must be licensed; and
- 25 (2) is subject to rules that the commissioner may adopt under
- 26 IC 4-22-2.

27 **Sec. 2.** The articles of incorporation of a mutual insurance
28 holding company must contain the following, or provisions at least
29 substantially equivalent to the following:

- 30 (1) The name of the mutual insurance holding company,
31 which must include the term "mutual" or the abbreviation
32 "M.H.C."
- 33 (2) A provision specifying that one (1) purpose of the mutual
34 insurance holding company is, at all times, to have the direct
35 or indirect power to cast at least a majority of the votes for
36 the election of directors of each stock insurance company
37 subsidiary and any intermediate stock holding company.
- 38 (3) A provision specifying that the mutual insurance holding
39 company does not have the power to engage in the business of
40 issuing insurance policies or contracts, except through a stock
41 insurance company subsidiary or another direct or indirect
42 stock insurance company owned in whole or in part by the

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- 1 mutual insurance holding company.
 2 (4) A provision specifying that the mutual insurance holding
 3 company is not authorized to issue voting stock.
 4 (5) A provision setting forth any rights of members of the
 5 mutual insurance holding company in the equity of the mutual
 6 insurance holding company upon liquidation.
 7 (6) A provision specifying that:
 8 (A) a member of the mutual insurance holding company is
 9 not, as a member, personally liable for the acts, debts,
 10 liabilities, or obligations of the mutual insurance holding
 11 company; and
 12 (B) no assessment of any kind may be imposed upon the
 13 members of the mutual insurance holding company by any
 14 person, including:
 15 (i) the board of directors, members, or creditors of the
 16 mutual insurance holding company; and
 17 (ii) any governmental office or official, including the
 18 commissioner;
 19 because of any liability of any company or because of any
 20 act, debt, or liability of the mutual insurance holding
 21 company.
 22 (7) A provision prohibiting the mutual insurance holding
 23 company from waiving any dividends from its subsidiaries
 24 except:
 25 (A) under conditions specified in the articles of
 26 incorporation; and
 27 (B) after approval of the waiver by the board of the mutual
 28 insurance holding company and by the commissioner.
 29 **Sec. 3. The members of a mutual insurance holding company**
 30 **have the rights and obligations specified in:**
 31 (1) this article; and
 32 (2) the articles of incorporation and bylaws of the mutual
 33 insurance holding company.
 34 **Sec. 4. At least seventy-five percent (75%) of each of the**
 35 **following must be made up of outside directors:**
 36 (1) The board of a mutual insurance holding company.
 37 (2) The board of an intermediate stock holding company.
 38 (3) The board of a stock insurance company subsidiary.
 39 (4) The committee of the board of a mutual insurance holding
 40 company, intermediate stock holding company, or stock
 41 insurance company subsidiary that has responsibility for the
 42 compensation of officers and employees.



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1 **Sec. 5.** After the effective date of the plan of reorganization, the
 2 directors and officers of the mutual insurance holding company
 3 and its subsidiaries continue to be subject to all fiduciary
 4 responsibilities and liabilities under IC 27-1-7-12.5.

5 **Sec. 6.** (a) With the written approval of the commissioner, and
 6 subject to such conditions as the commissioner may impose, a
 7 mutual insurance holding company may do any of the following:

8 (1) Merge or consolidate with, or acquire the assets of:

9 (A) a mutual insurance holding company licensed under
 10 this article; or

11 (B) any similar entity organized under the laws of any
 12 other state.

13 (2) Either alone or together with one (1) or more intermediate
 14 stock holding companies or other subsidiaries, directly or
 15 indirectly acquire the stock of:

16 (A) a stock insurance company; or

17 (B) a mutual insurance company that is reorganized under
 18 this article or the law of its state of organization.

19 (3) Together with one (1) or more of its stock insurance
 20 company subsidiaries or other subsidiaries, acquire the assets
 21 of:

22 (A) a stock insurance company; or

23 (B) a mutual insurance company.

24 (4) Acquire a stock insurance company through the merger of
 25 the stock insurance company into:

26 (A) a stock insurance subsidiary; or

27 (B) an interim stock insurance company subsidiary;
 28 of the mutual insurance holding company.

29 (5) Acquire the stock or assets of any other person.

30 (b) Whenever a mutual insurance holding company acquires or
 31 plans to acquire more than fifty percent (50%) of the voting capital
 32 stock of a stock insurance company, the mutual insurance holding
 33 company must submit to the commissioner a description of any
 34 membership interests of policyholders of the stock insurance
 35 company.

36 **Sec. 7.** (a) Except as provided in subsection (b), a mutual
 37 insurance holding company:

38 (1) has and may exercise all the rights and privileges of
 39 insurance companies formed under this title; and

40 (2) is subject to all of the requirements and regulations
 41 imposed upon insurance companies formed under this title.

42 (b) The exceptions referred to in subsection (a) are as follows:

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1 (1) A mutual insurance holding company has no right or
2 privilege to write insurance (except through a stock insurance
3 company subsidiary) and is not subject to any requirement or
4 rule adopted under IC 4-22-2 relating to the writing of
5 insurance.

6 (2) A mutual insurance holding company is not subject to the
7 surplus requirements in IC 27-1-6-15.

8 (3) A mutual insurance holding company is not subject to any
9 requirement or rule adopted under IC 4-22-2 that is imposed
10 upon insurance companies formed under this title to the
11 extent that the requirement or rule is in conflict with this
12 article.

13 Sec. 8. (a) Not later than April 1 of each year, each mutual
14 insurance holding company must file with the commissioner an
15 annual statement consisting of the following information:

- 16 (1) Audited financial statements, including:
 - 17 (A) an income statement;
 - 18 (B) a balance sheet; and
 - 19 (C) a statement of cash flows.

20 (2) Complete information on the status of any condition
21 imposed in connection with the approval of a plan of
22 reorganization.

23 (3) An investment plan covering all assets of the mutual
24 insurance holding company.

25 (4) A statement disclosing any intention to pledge, borrow
26 against, alienate, hypothecate, or in any way encumber the
27 assets of the mutual insurance holding company.

28 (b) The commissioner, through an order or by a rule adopted
29 under IC 4-22-2, may waive or suspend all or any part of the
30 requirements of subsection (a) for a particular mutual insurance
31 holding company or class of mutual insurance holding companies.

32 Sec. 9. (a) A mutual insurance holding company and the
33 intermediate stock holding companies and stock insurance
34 company subsidiaries that are owned entirely or in part, directly
35 or indirectly, by the mutual insurance holding company constitute
36 an insurance holding company system and are subject to
37 IC 27-1-23.

38 (b) Notwithstanding subsection (a), a separate filing or approval
39 is not required under IC 27-1-23 for a reorganization that:

- 40 (1) is included in a plan approved under this article; and
- 41 (2) does not involve the acquisition of control of an insurance
42 company that is not affiliated with an applicant before the

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- 1 reorganization.
- 2 **Sec. 10. A membership interest in a mutual insurance holding**
- 3 **company does not constitute a security under Indiana law.**
- 4 **Chapter 6. Miscellaneous Provisions**
- 5 **Sec. 1. (a) This article, while independent of any other law, is**
- 6 **supplemental to IC 27-1-2 through IC 27-1-20.**
- 7 **(b) All provisions of IC 27-1-2 through IC 27-1-20 are fully and**
- 8 **completely applicable to this article in the same manner as if the**
- 9 **provisions of this article had been an original part of IC 27-1-2**
- 10 **through IC 27-1-20. If any conflict exists between this article and**
- 11 **IC 27-1-2 through IC 27-1-20, this article is controlling.**
- 12 **Sec. 2. (a) Except as provided by subsections (b) and (c), all**
- 13 **information, documents, and copies of documents obtained by or**
- 14 **disclosed to the commissioner or any person in the course of the**
- 15 **approval of a plan under this article:**
- 16 **(1) shall be given confidential treatment;**
- 17 **(2) are not subject to subpoena; and**
- 18 **(3) may not be made public;**
- 19 **by the commissioner, the National Association of Insurance**
- 20 **Commissioners, or any other person without the prior written**
- 21 **consent of the insurer to which it pertains.**
- 22 **(b) The commissioner, after giving the mutual insurer or mutual**
- 23 **insurance holding company and its affiliates notice and**
- 24 **opportunity to be heard, may determine that the interests of**
- 25 **policyholders or the public will be served by the publication of the**
- 26 **information received under this article, and may release all or part**
- 27 **of the information in a manner that the commissioner determines**
- 28 **to be appropriate.**
- 29 **(c) The commissioner may disclose information obtained in the**
- 30 **course of approval of a plan under this article to the insurance**
- 31 **departments in other states.**
- 32 **Sec. 3. Any action:**
- 33 **(1) challenging the validity of; or**
- 34 **(2) arising out of;**
- 35 **an action that is taken or proposed to be taken under this article**
- 36 **must commence not later than thirty (30) days after the approval**
- 37 **by the commissioner of the plan under which or in respect of which**
- 38 **the action is taken or proposed to be taken.**
- 39 **Sec. 4. The provisions of this article are severable in the manner**
- 40 **provided in IC 1-1-1-8(b).**
- 41 **Sec. 5. (a) A person who is aggrieved by an action of the**
- 42 **commissioner under this article may petition for judicial review of**

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the action under IC 4-21.5-5.

(b) A person who is aggrieved by a failure of the commissioner to act or make a determination required by this article may bring an action for mandate in the circuit court of Marion County to compel the commissioner to act or make the determination.

(c) Subject only to judicial review under subsection (a), the determination and order of the commissioner in approving or disapproving a plan of reorganization shall be binding and conclusive upon all parties to the proceedings and all policyholders or members with respect to the fairness and equity of the plan and its compliance with this article.

Sec. 6. A mutual insurance holding company and its subsidiaries and affiliates may not do any of the following:

(1) Lend funds to any person to finance the purchase of stock in a stock offering by a mutual insurance holding company or any of its subsidiaries.

(2) Pay commissions, special fees, or other special or extraordinary compensation to officers, directors, interested persons, or affiliates for arranging, promoting, aiding, assisting, or participating in the structure or placement of a stock offering by the mutual insurance holding company or any of its subsidiaries, except as permitted under IC 27-14-3-6(5).

(3) Enter into an understanding or agreement transferring legal or beneficial ownership of stock to another person in avoidance of the provisions of this article.

Sec. 7. A domestic mutual insurance holding company may convert to a stock insurance holding company under IC 27-1-8-13 as though the mutual insurance holding company were a mutual insurance company.

Sec. 8. If proceedings under IC 27-9 involve a stock insurance company subsidiary of the mutual insurance holding company that resulted from the reorganization of a domestic mutual insurance company, the assets of the mutual insurance holding company will be available to satisfy the policyholder obligations of the stock insurance company subsidiary.

SECTION 2. [EFFECTIVE UPON PASSAGE] (a) IC 27-14, as added by this act, is intended to enable mutual insurance companies to seek additional capital more effectively so as to:

- (1) enhance their financial strength and flexibility; and
- (2) support long term growth through creative internal strategies, mergers, and acquisitions.

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1 **(b) IC 27-14, as added by this act, provides an alternative**
2 **organizational structure to help strengthen the Indiana mutual**
3 **insurance industry by permitting mutual insurance companies to:**
4 **(1) reorganize into a mutual insurance holding company**
5 **structure; and**
6 **(2) raise capital through the sale of capital stock.**
7 **SECTION 3. An emergency is declared for this act.**

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SENATE MOTION

Mr. President: I move that Senator Craycraft be added as coauthor
of Senate Bill 345.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Insurance and Interstate Cooperation, to which was referred Senate Bill 345, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 345 as introduced.)

WORMAN, Chairperson

Committee Vote: Yeas 7, Nays 0.

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