



November 16, 1999

## SENATE BILL No. 33

DIGEST OF SB 33 (Updated November 16, 1999 2:43 PM - DI 47)

**Citations Affected:** IC 27-9; IC 27-14.

**Synopsis:** Mutual insurance holding companies. Establishes a mechanism under which a mutual insurance company (MIC) may reorganize as a mutual insurance holding company (MIHC). Requires the MIC to submit a plan of reorganization for approval by the commissioner of the department of insurance. Requires a public hearing and notice to members of the MIC regarding the reorganization. Requires a two-thirds vote in favor of the reorganization by those members voting. Specifies rules for the operation of the MIHC, including limits on the issuance and ownership of stock associated with the MIHC.

**Effective:** Upon passage.

**Clark, Alting**

November 16, 1999, read first time and referred to Committee on Rules and Legislative Procedure.

November 16, 1999, reported favorably — Do Pass.

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SB 33—LS 6343/DI 97+



November 16, 1999

Second Regular Session 111th General Assembly (2000)

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 1999 General Assembly.

## SENATE BILL No. 33

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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 27-9-1-1 IS AMENDED TO READ AS FOLLOWS  
2 [EFFECTIVE UPON PASSAGE]: Sec. 1. Proceedings under this  
3 article apply to the following:  
4 (1) All insurers who are doing, or who have done, insurance  
5 business in Indiana, and against whom claims arising from that  
6 business may exist.  
7 (2) All insurers who purport to do insurance business in Indiana.  
8 (3) All insurers who have insureds resident in Indiana.  
9 (4) All other persons organized or in the process of organizing  
10 with the intent to do an insurance business in Indiana.  
11 (5) All nonprofit service plans, fraternal benefit societies, and  
12 beneficial societies.  
13 (6) All title insurance companies.  
14 (7) All health maintenance organizations under IC 27-13.  
15 (8) All multiple employer welfare arrangements under  
16 IC 27-1-34.  
17 (9) All limited service health maintenance organizations under

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1 IC 27-13-34.

2 **(10) All mutual insurance holding companies under IC 27-14.**

3 SECTION 2. IC 27-9-2-1 IS AMENDED TO READ AS FOLLOWS  
4 [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) Whenever the  
5 commissioner has reasonable cause to believe, and determines, after a  
6 hearing held under IC 4-21.5-3, that any domestic insurer has  
7 committed or engaged in, or is about to commit or engage in, any act,  
8 practice, or transaction that would subject it to a delinquency  
9 proceeding under IC 27-9-3-1 or IC 27-9-3-6, the commissioner may  
10 make and serve upon the insurer and any other persons involved, any  
11 orders reasonably necessary to correct, eliminate, or remedy that  
12 conduct, condition, or ground.

13 (b) If the commissioner has reasonable cause to believe that any  
14 domestic insurer is in such condition as to render the continuance of its  
15 business hazardous to the public or to holders of its policies or  
16 certificates of insurance, or if that domestic insurer gives its consent,  
17 the commissioner shall upon his determination issue an order:

- 18 (1) notifying the insurer of his determination; and  
19 (2) providing the insurer with a written list of the commissioner's  
20 requirements to correct its business practices.

21 (c) If the commissioner makes a determination to supervise an  
22 insurer subject to an order under subsection (a) or (b), the  
23 commissioner shall notify the insurer that it is under the supervision of  
24 the commissioner. **If the insurer is a reorganized insurer under  
25 IC 27-14, the commissioner may also determine to supervise the  
26 mutual insurance holding company that is affiliated with the  
27 reorganized insurer, regardless of whether another basis exists for  
28 supervising the mutual insurance holding company. If the  
29 commissioner makes a determination to supervise a mutual  
30 insurance holding company, the commissioner shall notify the  
31 mutual insurance holding company that it is under the supervision  
32 of the commissioner.**

33 (d) During the period of supervision, the commissioner may appoint  
34 a supervisor to supervise the insurer. The order appointing a supervisor  
35 must direct the supervisor to enforce orders issued under subsection (a)  
36 or (b). The order may also provide that the insurer may not do any of  
37 the following things, during the period of supervision, without the prior  
38 approval of the commissioner or his supervisor:

- 39 (1) Dispose of, convey, or encumber any of its assets or its  
40 business in force.  
41 (2) Withdraw funds from any of its bank accounts.  
42 (3) Lend any of its funds.



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- 1 (4) Invest any of its funds.  
 2 (5) Transfer any of its property.  
 3 (6) Incur any debt, obligation, or liability.  
 4 (7) Merge or consolidate with another company.  
 5 (8) Enter into any new reinsurance contract or agreement.  
 6 (9) Restrict the writing of new business on the renewal of existing  
 7 business.

8 (e) Any insurer subject to an order under this section must comply  
 9 with the lawful requirements of the commissioner and, if placed under  
 10 supervision, has sixty (60) days from the date the supervision order is  
 11 served within which to comply with the requirements of the  
 12 commissioner. In the event of the insurer's failure to comply within  
 13 those time requirements, the commissioner may institute proceedings  
 14 under IC 27-9-3-1 or IC 27-9-3-6 to have a rehabilitator or liquidator  
 15 appointed, or extend the period of supervision.

16 (f) During the period of supervision, the insurer may request the  
 17 commissioner to review any action taken or proposed to be taken by the  
 18 supervisor, specifying the reason the action complained of is believed  
 19 not to be in the best interest of the insurer.

20 (g) If a person violates a supervision order issued under this section,  
 21 he is civilly liable up to ten thousand dollars (\$10,000).

22 (h) The commissioner may apply for and the Marion County circuit  
 23 court may grant, under IC 4-21.5-6, orders as are necessary and proper  
 24 to enforce a supervision order.

25 (i) In the event that a person subject to this article knowingly  
 26 violates any valid order of the commissioner issued under this section  
 27 and, as a result of that violation, the net worth of the insurer is reduced  
 28 or the insurer suffers loss it would not otherwise have suffered, that  
 29 person is personally liable to the insurer for the amount of that  
 30 reduction or loss. The commissioner or supervisor is authorized to  
 31 bring an action on behalf of the insurer in the Marion County circuit  
 32 court to recover the amount of the reduction or loss together with any  
 33 costs.

34 SECTION 3. IC 27-9-3-1 IS AMENDED TO READ AS FOLLOWS  
 35 [EFFECTIVE UPON PASSAGE]: Sec. 1. The commissioner may apply  
 36 by petition to the Marion County circuit court for an order authorizing  
 37 him to rehabilitate a domestic insurer or an alien insurer domiciled in  
 38 Indiana on any one (1) of the following grounds:

39 (1) The insurer is in a condition that the further transaction of  
 40 business would be hazardous, financially, to its policyholders,  
 41 creditors, or the public.

42 (2) There is reasonable cause to believe that there has been

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1           embezzlement from the insurer, wrongful sequestration or  
2           diversion of the insurer's assets, forgery or fraud affecting the  
3           insurer, or other illegal conduct in, by, or with respect to the  
4           insurer that if established would endanger assets in an amount  
5           threatening the solvency of the insurer.

6           (3) The insurer has failed to remove any person who in fact has  
7           executive authority in the insurer, whether an officer, manager,  
8           general agent, employee, or other person, if the person has been  
9           found after notice and hearing by the commissioner under  
10          IC 4-21.5-3 to be dishonest or untrustworthy in a way affecting  
11          the insurer's business.

12          (4) Control of the insurer, whether by stock ownership or  
13          otherwise, and whether direct or indirect, is in a person found  
14          after notice and hearing under IC 4-21.5-3 to be untrustworthy.

15          (5) Any person who in fact has executive authority in the insurer,  
16          whether an officer, manager, general agent, director or trustee,  
17          employee, or other person, has refused to be examined under oath  
18          by the commissioner concerning its affairs, whether in Indiana or  
19          elsewhere, and after reasonable notice of the fact the insurer has  
20          failed promptly and effectively to terminate the employment and  
21          status of the person and all his influence on management.

22          (6) After demand by the commissioner under this article or  
23          IC 27-1-3, the insurer has failed to promptly make available for  
24          examination any of its own property, books, accounts, documents,  
25          or other records, or those of any subsidiary or related company  
26          within the control of the insurer, or those of any person having  
27          executive authority in the insurer so far as they concern the  
28          insurer.

29          (7) Without first obtaining the written consent of the  
30          commissioner, the insurer has transferred, or attempted to  
31          transfer, in a manner contrary to IC 27-1-23 or IC 27-6,  
32          substantially all of its entire property or business, or has entered  
33          into any transaction the effect of which is to merge, consolidate,  
34          or reinsure substantially its entire property or business in or with  
35          the property or business of any other person.

36          (8) The insurer or its property has been or is the subject of an  
37          application for the appointment of a receiver, trustee, custodian,  
38          conservator, or sequestrator or similar fiduciary of the insurer or  
39          its property otherwise than as authorized under this title, and the  
40          appointment has been made or is imminent, and the appointment  
41          might:

42                (A) remove the insurer from the jurisdiction of the Indiana

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courts; or  
(B) prejudice orderly delinquency proceedings under this article.

(9) Within the previous four (4) years the insurer has willfully violated its charter or articles of incorporation, its bylaws, this title, or any valid order of the commissioner under IC 27-9-2-1.

(10) The insurer has failed to pay within sixty (60) days after the due date any obligation to any state or any political subdivision of any state or any judgment entered in any state, if the court in which the judgment was entered had jurisdiction over the subject matter. However, nonpayment shall not be a ground until sixty (60) days after any good faith effort by the insurer to contest the obligation has been terminated, whether it is before the commissioner or in the courts, or the insurer has systematically attempted to compromise or renegotiate previously agreed settlements with its creditors on the ground that it is financially unable to pay its obligations in full.

(11) The insurer has failed to file its annual report or other financial report required by law and, after written demand by the commissioner, has failed to immediately give an adequate explanation.

(12) The board of directors or the holders of a majority of the shares entitled to vote, or a majority of those individuals entitled to the control of those entities, request or consent to rehabilitation under this article.

**(13) The insurer is a mutual insurance holding company under IC 27-14 and a reorganized insurance company that is affiliated with the mutual insurance holding company and is or has been the subject of a petition for an order authorizing the commissioner to rehabilitate the reorganized insurance company under this section or to liquidate the reorganized insurance company under section 6 of this chapter, regardless of whether another basis exists for petitioning for rehabilitation of the mutual insurance holding company.**

SECTION 4. IC 27-14 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**ARTICLE 14. MUTUAL INSURANCE HOLDING COMPANY LAW**

**Chapter 1. General Provisions and Definitions**

**Sec. 1. This article may be referred to as the Indiana mutual insurance holding company law.**

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1           **Sec. 2. (a) The requirements of this section constitute the**  
 2 **"members' protection principle" for purposes of this article.**

3           **(b) The MIHC must at all times have the voting power and**  
 4 **economic interests required by IC 27-14-5-1.**

5           **(c) The aggregate value of the members' interests in an MIHC**  
 6 **shall be protected from dilution as a result of sales of stock of a**  
 7 **reorganized insurer or stock holding company to persons other**  
 8 **than the MIHC through compliance with the requirements of**  
 9 **IC 27-14-5-6, IC 27-14-5-7, IC 27-14-5-8, and IC 27-14-6-5.**

10           **(d) Dividends paid on participating policies shall be protected**  
 11 **as provided by IC 27-14-3-11.**

12           **(e) An MIHC, stock holding company, and reorganized insurer**  
 13 **must have outside directors as required by IC 27-14-3-5.**

14           **(f) The officers and directors of the MIHC and any subsidiary**  
 15 **of the MIHC are subject to the restrictions on stock ownership set**  
 16 **forth in IC 27-14-5-2, IC 27-14-5-3, and IC 27-14-5-9.**

17           **Sec. 3. The definitions set forth in this chapter apply throughout**  
 18 **this article.**

19           **Sec. 4. (a) Subject to subsection (b), "acting in concert" means:**

20           **(1) a knowing participation in a joint activity whether or not**  
 21 **under an express agreement;**

22           **(2) interdependent conscious parallel action toward a common**  
 23 **goal under an express agreement or otherwise; or**

24           **(3) a combination or pooling of voting interests or other**  
 25 **interests in the securities of any person for a common purpose**  
 26 **under any contract, understanding, relationship, agreement,**  
 27 **or other arrangement, written or otherwise.**

28           **(b) An employee benefit plan is acting in concert with:**

29           **(1) its trustee; or**

30           **(2) a person who serves in a capacity similar to a trustee;**  
 31 **solely for the purpose of determining whether capital stock held by**  
 32 **the trustee or the person in a similar capacity and capital stock**  
 33 **held by the plan will be aggregated.**

34           **Sec. 5. "Adoption date" means, with respect to a plan, the date**  
 35 **on which the board of directors approves a plan of reorganization**  
 36 **or a plan to issue stock.**

37           **Sec. 6. "Affiliate" means a person who, directly or indirectly:**

38           **(1) controls;**

39           **(2) is controlled by; or**

40           **(3) is under common control with;**  
 41 **another person.**

42           **Sec. 7. "Applicant" means, with respect to a plan, a person that**

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1 has submitted a plan to the commissioner under this article.

2 **Sec. 8. (a) Subject to subsection (b), "associate" means any of**  
 3 **the following:**

4 (1) **With respect to a particular person, corporation, business**  
 5 **entity, or other organization (other than the applicant or an**  
 6 **affiliate of the applicant) for which the person is:**

7 (A) **an officer;**

8 (B) **a partner; or**

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

11 (2) **With respect to an individual who is a director or an**  
 12 **officer of the applicant or of any of the applicant's affiliates,**  
 13 **a:**

14 (A) **spouse; or**

15 (B) **member of the immediate family sharing the same**  
 16 **household.**

17 (3) **With respect to a particular person, a trust or other estate**  
 18 **in which the person has a substantial beneficial interest or for**  
 19 **which the person serves as trustee or in a similar fiduciary**  
 20 **capacity.**

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

22 (1) **has a beneficial interest in; or**

23 (2) **serves as a trustee or in a similar fiduciary capacity for;**  
 24 **an employee benefit plan.**

25 **Sec. 9. "Board" means:**

26 (1) **the board of directors of an MIHC, an MIC, a stock**  
 27 **holding company, or a reorganized insurer; or**

28 (2) **another board or committee that is responsible under the**  
 29 **articles or bylaws of the company for decisions involving the**  
 30 **structure or management of an MIHC, MIC, stock holding**  
 31 **company, or reorganized insurer.**

32 **Sec. 10. "Commissioner" refers to the insurance commissioner**  
 33 **appointed under IC 27-1-1-2.**

34 **Sec. 11. "Company" means any of the following:**

35 (1) **An MIC.**

36 (2) **An MIHC.**

37 (3) **A stock holding company.**

38 (4) **A reorganized insurer.**

39 **Sec. 12. "Effective date" means, with respect to a plan, the date**  
 40 **on which the plan becomes effective under this article.**

41 **Sec. 13. "Eligible member" means, with respect to a plan, a**  
 42 **person who is a member of an MIC or MIHC, as applicable, on the**



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1 adoption date of a plan and:

2 (1) solely for purposes of receipt of notice of and voting at a  
3 meeting of members on a plan of reorganization, continues to  
4 be a member of the MIC on the record date for the meeting of  
5 members; or

6 (2) solely for purposes of eligibility to receive stock  
7 subscription rights under a plan to issue stock, continues to be  
8 a member of the MIC or MIHC, as applicable, on the date the  
9 commissioner approves the plan to issue stock.

10 Sec. 14. "Employee benefit plan" means an employee benefit  
11 plan established by an MIHC or by one (1) or more of the  
12 subsidiaries of an MIHC for the sole benefit of its:

13 (1) employees; or

14 (2) sales agents.

15 Sec. 15. "Immediate family" means any child, stepchild,  
16 grandchild, parent, stepparent, grandparent, sibling,  
17 mother-in-law, father-in-law, son-in-law, daughter-in-law,  
18 brother-in-law or sister-in-law, and includes adoptive  
19 relationships.

20 Sec. 16. "Internal Revenue Code" refers to the Internal Revenue  
21 Code of 1986, as amended.

22 Sec. 17. "Member" means a person that, according to the:

23 (1) records; and

24 (2) articles of incorporation and bylaws;

25 of an MIC or MIHC, as applicable, is a member of the MIC or  
26 MIHC, as applicable.

27 Sec. 18. "Member's interest" means

28 (1) the voting rights of a member provided by law and by the  
29 MIC's or MIHC's articles of incorporation and bylaws; and

30 (2) the right to receive cash, stock, or other consideration in  
31 the event of a conversion to a stock company under IC 27-1  
32 through IC 27-13 or a dissolution under IC 27-1-10, as  
33 provided by those laws and by the MIC's or MIHC's articles  
34 of incorporation or bylaws.

35 Sec. 19. "MIC" refers to a mutual insurance company.

36 Sec. 20. "MIHC" refers to a mutual insurance holding company.

37 Sec. 21. "Mutual insurance company" or "MIC" means a  
38 mutual insurer that is:

39 (1) submitting; or

40 (2) subject to;

41 a plan of reorganization or plan to issue stock under this article.

42 Sec. 22. "Mutual insurance holding company" or "MIHC"

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1 means a mutual insurance holding company established under  
2 IC 27-14-2.

3 Sec. 23. (a) "Outside director" means an individual who:

4 (1) is a member of a board of:

5 (A) an MIHC;

6 (B) a stock holding company; or

7 (C) a reorganized insurer;

8 (2) is not and has not been within the last three (3) years an  
9 officer of, an employee of, or a consultant to the entity or any  
10 affiliate of the entity referred to in subdivision (1), of whose  
11 board the individual is a member;

12 (3) with respect to a director of an MIHC that does not,  
13 directly or indirectly, own all of the stock of each of its  
14 reorganized insurers, is not and has not been within the last  
15 three (3) years a director of a stock holding company or a  
16 reorganized insurer that is affiliated with the MIHC; and

17 (4) is not a spouse of or a member of the immediate family  
18 who shares the same household with an officer of, an  
19 employee of, or a consultant to the entity or any affiliate of the  
20 entity referred to in subdivision (1), of whose board the  
21 individual is a member.

22 (b) For purposes of this section, a consultant is an individual  
23 who directly derives more than thirty-three percent (33%) of the  
24 consultant's income in any calendar year from the MIHC or an  
25 affiliate of the MIHC or an associate of a person who derives more  
26 than thirty-three percent (33%) of its income in any calendar year  
27 from the MIHC or any affiliate of the MIHC.

28 Sec. 24. "Participating policy" means a policy providing for the  
29 distribution of policy dividends.

30 Sec. 25. "Person" means any of the following:

31 (1) An individual.

32 (2) A group of individuals acting in concert.

33 (3) A trust.

34 (4) An association.

35 (5) A partnership.

36 (6) A limited liability company.

37 (7) A corporation.

38 Sec. 26. "Plan" means a plan:

39 (1) of reorganization; or

40 (2) to issue stock.

41 Sec. 27. "Plan of reorganization" means a plan adopted under  
42 IC 27-14-2.



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1           **Sec. 28. "Plan to issue stock"** means a plan to issue shares of a  
2 stock holding company or a reorganized insurer adopted under  
3 **IC 27-14-4.**

4           **Sec. 29. "Policy"** means a contract providing one (1) or more of  
5 the kinds of insurance described in **IC 27-1-5-1.**

6           **Sec. 30. "Reorganized insurer"** means an entity:  
7           (1) that is a domestic stock insurance company that is owned  
8 entirely or in part by an MIHC or a stock holding company;  
9 and  
10           (2) the policyholders of which may be or are entitled to  
11 become members of the MIHC.

12           **Sec. 31. "Stock holding company"** means an entity other than a  
13 reorganized insurer and its subsidiaries that:  
14           (1) is owned entirely or in part, directly or indirectly, by an  
15 MIHC; and  
16           (2) directly or indirectly owns all or part of the capital stock  
17 of a reorganized insurer.

18           **Sec. 32. "Subsidiary"** means, with respect to a particular  
19 person, an affiliate of the person that is controlled by the person,  
20 either:  
21           (1) directly; or  
22           (2) indirectly through one (1) or more intermediaries.

23           **Sec. 33. "Voting capital stock"** means capital stock whose holder  
24 has the right to vote in the election of directors.

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

26           **Sec. 1. (a)** A mutual insurance company (MIC) may reorganize  
27 under this chapter as a mutual insurance holding company  
28 (MIHC) with one (1) or more subsidiaries after the following have  
29 occurred:

- 30           (1) The favorable vote of its board of directors to reorganize.
- 31           (2) The filing of an application with the commissioner.
- 32           (3) A notice of a public hearing made to its members and the  
33 public.
- 34           (4) At least one (1) public hearing conducted by the  
35 commissioner.
- 36           (5) The approval of the plan by the commissioner.
- 37           (6) A favorable vote of the eligible members of the MIC.
- 38           (7) The issuance of an order of completion by the  
39 commissioner.

40           **(b)** The subsidiaries of an MIHC:  
41           (1) must include at least one (1) reorganized insurer;  
42           (2) may include one (1) or more stock holding companies; and

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- 1           (3) may include one (1) or more stock insurance companies,
- 2           the policyholders of which are not and do not become
- 3           members of the MIHC.
- 4           **Sec. 2. The reorganization of an MIC or two (2) or more MICs**
- 5           **into an MIHC structure under this chapter may be accomplished**
- 6           **by any means approved by the commissioner, including the**
- 7           **following:**
  - 8           (1) The establishment of at least one (1) company.
  - 9           (2) The amendment or restatement of the articles and bylaws
  - 10           of any company.
  - 11           (3) The transfer or acquisition of any or all of the assets and
  - 12           liabilities or of the stock of any company.
  - 13           (4) The merger or consolidation of two (2) or more MICs.
  - 14           (5) The merger or consolidation of two (2) or more stock
  - 15           holding companies as part of the merger of two (2) or more
  - 16           MIHCs.
  - 17           (6) The merger or consolidation of two (2) or more stock
  - 18           insurance companies.
  - 19           (7) The merger of an MIC's membership interests into any
  - 20           existing MIHC, with the continued corporate existence of the
  - 21           reorganized MIC as a reorganized insurer.
- 22           **Sec. 3. (a) A plan of reorganization must be adopted by the**
- 23           **board of directors of the MIC.**
- 24           **(b) For a plan of reorganization to be adopted by the board of**
- 25           **directors of an MIC, at least seventy-five percent (75%) of the**
- 26           **members of the board of directors must vote in favor of the**
- 27           **adoption.**
- 28           **Sec. 4. Within ninety (90) days after the adoption of a plan of**
- 29           **reorganization and before a vote on the plan by the members, the**
- 30           **company adopting the plan must file with the commissioner an**
- 31           **application containing the following:**
  - 32           (1) A plan of reorganization.
  - 33           (2) The form of the notices to be sent to members under
  - 34           sections 8 and 12(b) of this chapter.
  - 35           (3) A copy of the:
    - 36           (A) proposed articles of incorporation; and
    - 37           (B) bylaws;
  - 38           of each company to be formed under the plan, including the
  - 39           reorganized insurer in compliance with the requirements of
  - 40           IC 27-1-6.
  - 41           (4) If it is necessary to amend the current articles of
  - 42           incorporation or bylaws of any company that is affected by

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the plan, a copy of:

(A) the proposed articles of amendment or amended and restated articles of incorporation; and

(B) amended or restated bylaws;

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

(5) With respect to participating policies and contracts of the reorganized insurer, a description of:

(A) the current dividend practices of the MIC; and

(B) the dividend practices to be followed by the reorganized insurer following the effective date of reorganization.

**Sec. 5. A plan of reorganization filed with the commissioner under this chapter must meet the following requirements:**

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

(2) It must describe in a narrative form any plan to issue stock that may be proposed in connection with the plan of reorganization.

(3) It must:

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

(B) describe the manner in which the reorganization is expected to benefit and serve the best interests of the members; and

(C) include an analysis of the risks and benefits to the MIC and its members of the proposed reorganization, and compare those risks and benefits with the risks and benefits of reasonable alternatives (including demutualization of the MIC) to the reorganization.

(4) It must provide that:

(A) a member's interest in the MIC becomes a member's interest in the MIHC;

(B) the members' protection principle will govern the actions of the MIHC and its subsidiaries;

(C) a member's interest in the MIHC may not be transferred, assigned, pledged, or alienated in any manner except in connection with a transfer, assignment, pledge, or alienation of the policy from which the member's interest is derived; and

(D) any member's interest in an MIHC will automatically terminate upon the lapse or other termination of the policy

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- from which the member's interest is derived.
- (5) It must describe how the plan of reorganization is to be effected, including a description of a contemplated transfer, acquisition, or assumption of assets, rights, franchises, interests, debts, liabilities, or other obligations of the applicant and any other company affected by the plan or reorganization.**
- (6) It must describe the:**
  - (A) establishment of companies;**
  - (B) amendment or restatement of the articles of incorporation and bylaws of a company; and**
  - (C) merger of companies;****that will take place under the plan of reorganization.**
- (7) It must provide a list of:**
  - (A) all individuals who are or have been selected to become directors or officers of the MIHC or any company that is a subsidiary of the MIHC; and**
  - (B) other individuals who perform or will perform duties customarily performed by a director or officer.**
- (8) The list prepared under subdivision (7) must include, for each individual on the list:**
  - (A) the individual's principal occupation;**
  - (B) all offices and positions the individual has held in the preceding five (5) years;**
  - (C) any crime of which the individual has been convicted (other than traffic violations) in the preceding ten (10) years;**
  - (D) information concerning any personal bankruptcy of the individual or the individual's spouse during the previous seven (7) years;**
  - (E) information concerning the bankruptcy of any corporation of which the individual was an officer or director during the previous seven (7) years;**
  - (F) information concerning any state or federal securities law allegations against the individual that within the previous ten (10) years resulted in a:**
    - (i) determination that the individual violated the state or federal securities law;**
    - (ii) plea of nolo contendere; or**
    - (iii) consent decree;**
  - (G) information concerning the revocation during the previous ten (10) years of any state or federal license issued**

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- to the individual; and
- (H) information as to whether the individual was refused a performance or other bond during the previous ten (10) years.
- (9) It must provide that any policy of any reorganized insurer that goes into force after the effective date of the reorganization, will provide that:
  - (A) the owner of the policy; or
  - (B) another person or persons specified in the:
    - (i) policy; or
    - (ii) MIHC's articles of incorporation or bylaws;
 becomes a member of the MIHC. However, a plan of reorganization may provide that any person who becomes an owner of a policy or who would otherwise become a member under a policy issued during a particular period of not more than three (3) years immediately after the effective date of the plan of reorganization will not become a member until after the expiration of that period.
- (10) It must provide that, with regard to a policy of the MIC in force on the effective date of the plan of reorganization:
  - (A) the policy continues to remain in force under the policy's terms as the policy of a reorganized insurer;
  - (B) the holder of a participating policy continues to have the right to receive policy dividends as provided for in the policy; and
  - (C) the policyholder's right to benefits, values, guarantees, and other contractual obligations of the MIC continues after the effective date of the plan of reorganization as obligations of the reorganized insurer.
- (11) It must describe the nature and content of the report and financial statement to be sent annually to each member following the reorganization.
- (12) It must provide that, in the event of proceedings under IC 27-9 involving a reorganized insurer, the assets of the MIHC that is affiliated with the reorganized insurer are available to satisfy the policyholder obligations of the reorganized insurer.
- (13) It must provide that the name of the reorganized insurer does not include the term "mutual", except as approved by the commissioner as not being misleading to the policyholders or the public.
- (14) It must provide any additional information that the

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commissioner may request.

**Sec. 6. (a) A plan of reorganization that is adopted by the board of directors of the applicant may be:**

- (1) amended by the board of directors of the applicant:**
  - (A) in response to the comments or recommendations of the commissioner, or any other state or federal agency or entity, before any solicitation of proxies from the members to vote on the plan of reorganization; and**
  - (B) otherwise, with the consent of the commissioner; or**
- (2) terminated by the board of directors of the applicant:**
  - (A) before notice is sent to the members under section 8 of this chapter; or**
  - (B) with the consent of the commissioner.**

**(b) For a plan of reorganization to be:**

- (1) amended; or**
- (2) terminated;**

**by the board of directors of an MIC, at least seventy-five percent (75%) of the members of the board of directors must vote in favor of the amendment or termination.**

**Sec. 7. (a) The commissioner shall, as soon as practicable after a plan of reorganization is filed with the commissioner but not more than ninety (90) days (or a longer period after the plan is filed as the commissioner determines for good cause), conduct a public hearing under IC 4-22-2-26 to afford interested persons an opportunity to present information, views, arguments, or comments about the plan.**

**(b) At least thirty (30) days before a hearing held under this section, the commissioner shall publish notice of the hearing in a newspaper of general circulation in:**

- (1) the city of Indianapolis;**
- (2) the city in which the principal office of the applicant is located; and**
- (3) other cities or towns that the commissioner considers appropriate.**

**The commissioner may provide written notice of the hearing by other means and to other persons that the commissioner considers appropriate.**

**(c) The notice provided under this section must:**

- (1) refer to the applicable statutory provisions;**
- (2) state the date, time, and location of the hearing; and**
- (3) include a brief statement of the subject of the hearing.**

**(d) At the discretion of the commissioner or the commissioner's**

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1 appointee, testimony may be taken under oath or by affirmation at  
2 a public hearing under this article.

3 **Sec. 8.** The applicant shall, at least thirty (30) days before the  
4 public hearing required under this chapter, mail notice of the  
5 public hearing to the last known address of each member and  
6 policyholder of the MIC as shown on the books of the MIC. The  
7 notice must achieve a minimum score of forty (40) on the Flesch  
8 reading ease test or an equivalent score on a comparable test  
9 approved by the commissioner. The notice must include the  
10 following:

- 11 (1) Reference to the applicable statutory provisions.
- 12 (2) A statement of the date, time, and location of the hearing.
- 13 (3) A brief statement of the subject of the hearing, including  
14 specific notice to the member that the member's interest in  
15 the MIC will be affected by the reorganization.

16 **Sec. 9.** The commissioner may not approve a plan of  
17 reorganization submitted under this article unless the applicant has  
18 shown, by a preponderance of the evidence, that the plan of  
19 reorganization:

- 20 (1) complies with the law;
- 21 (2) includes the disclosures and notices required under this  
22 article;
- 23 (3) is fair, reasonable, and equitable to the members and  
24 policyholders of the MIC; and
- 25 (4) complies with the members' protection principle.

26 **Sec. 10. (a)** Not more than one hundred eighty (180) days after  
27 the filing of the application and submission of all other information  
28 requested by the commissioner relative to the plan, or a longer  
29 period if extended by the commissioner for good cause, the  
30 commissioner shall approve or disapprove the plan of  
31 reorganization. The commissioner's approval of the plan must be  
32 conditioned upon:

- 33 (1) the approval of the plan by the eligible members under  
34 this chapter; and
- 35 (2) the requirements of sections 16 and 17 of this chapter.

36 (b) The commissioner shall fully consider any comments  
37 received at the public hearing under IC 4-22-2-27 before issuing an  
38 order under subsection (a).

39 **Sec. 11.** The commissioner shall notify the applicant upon  
40 reaching a decision on a plan of reorganization.

41 **Sec. 12. (a)** A plan of reorganization of an MIC must be  
42 submitted for approval by the eligible members of the MIC after

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1 approval of the application by the commissioner under section 10  
 2 of this chapter. A vote by the eligible members to approve the plan  
 3 must be made at a special or annual meeting held under  
 4 IC 27-1-7-7 and this chapter.

5 (b) The eligible members must be sent notice of the meeting at  
 6 which a plan of reorganization will be submitted for approval by  
 7 eligible members. The notice must:

- 8 (1) be mailed at least thirty (30) days before the meeting;
- 9 (2) refer to the applicable statutory provisions;
- 10 (3) state the date, time, and location of the meeting;
- 11 (4) include or be accompanied by a brief statement of the  
 12 subject of the meeting, including specific notice to the member  
 13 that the member's interest in the MIC will be affected by the  
 14 reorganization;
- 15 (5) include or be accompanied by a copy of the plan or a  
 16 summary of the plan; and
- 17 (6) describe the member's right to attend and participate in  
 18 the meeting.

19 (c) The notice sent under this section must achieve a minimum  
 20 score of forty (40) on the Flesch reading ease test or an equivalent  
 21 score on a comparable test approved by the commissioner.

22 Sec. 13. Notwithstanding IC 27-1-7-9, with respect to a vote  
 23 under section 12 of this chapter, an eligible member:

- 24 (1) may vote in person or by proxy if the proxy soliciting  
 25 material:
  - 26 (A) includes reference to the applicable statutory  
 27 provisions;
  - 28 (B) states the date, time, and location of the meeting;
  - 29 (C) contains a brief statement of the subject of the meeting,  
 30 including specific notice that the member's interest in the  
 31 MIC will be affected by the reorganization;
  - 32 (D) was solicited and obtained from the member after the  
 33 commissioner has approved the plan of reorganization  
 34 under this article; and
  - 35 (E) was found to be sufficient in the reasonable  
 36 determination of the commissioner for the eligible  
 37 members to make an informed decision about the plan of  
 38 reorganization; and
- 39 (2) is entitled to cast only one (1) vote on the proposed plan of  
 40 reorganization, regardless of the number of policies or the  
 41 amount of insurance that the member has with the MIC or  
 42 any affiliate of the MIC.



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1           **Sec. 14. For a plan of reorganization to be approved by the**  
2 **members of an MIC:**

- 3           (1) the plan of reorganization must be approved at a meeting
- 4           at which at least ten percent (10%) of the eligible members
- 5           are represented in person or by proxy; and
- 6           (2) at least two-thirds (2/3) of the eligible members voting in
- 7           person or by proxy must vote in favor of the plan.

8           **Sec. 15. Not later than thirty (30) days after members have**  
9 **approved a plan of reorganization at a special or annual meeting**  
10 **of members under this chapter, an applicant must file with the**  
11 **commissioner the minutes of the meeting at which the plan of**  
12 **reorganization was approved.**

13           **Sec. 16. (a) Before the commissioner issues a permit for**  
14 **completion of organization under subsection (b):**

- 15           (1) a public hearing must have been conducted under this
- 16           chapter;
- 17           (2) the commissioner must have issued notice to the applicant
- 18           that the commissioner has approved the plan of
- 19           reorganization of the applicant under section 10 of this
- 20           chapter; and
- 21           (3) the commissioner must have received the minutes of the
- 22           meeting of the members at which the plan was approved
- 23           reflecting that the plan of reorganization was on the agenda
- 24           and the plan was approved.

25           **(b) After the events referred to in subsection (a), the**  
26 **commissioner shall issue:**

- 27           (1) a permit for completion of organization of the MIHC; and
- 28           (2) in the case of:
  - 29           (A) a newly organized domestic insurance company, a
  - 30           permit for completion of organization as provided in
  - 31           IC 27-1-6-11; or
  - 32           (B) amended articles of incorporation of a domestic
  - 33           insurance company, an amended certificate of authority as
  - 34           provided in IC 27-1-8-9.

35           **Sec. 17. A plan of reorganization is effective when each**  
36 **reorganized insurer and MIHC affected by the plan has filed:**

- 37           (1) its articles of incorporation or, if appropriate, its articles
- 38           of amendment; and
- 39           (2) the certificate of authority and any amended certificate of
- 40           authority issued to the company by the commissioner under
- 41           this chapter;

42 **in the office of the county recorder of the county in which the**

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1 principal office of the company is located, or at any later date  
2 specified in the plan of reorganization.

3 Sec. 18. The organization of a domestic insurance company  
4 under a plan of reorganization under this article must be  
5 conducted under IC 27-1-6 concerning the formation of domestic  
6 insurance companies.

7 Sec. 19. The amendment of the articles of incorporation of a  
8 domestic insurance company under a plan of reorganization under  
9 this article must be conducted in compliance with IC 27-1-8.

10 Chapter 3. Mutual Insurance Holding Companies

11 Sec. 1. An MIHC organized under this article must meet the  
12 requirements of IC 27-14-2.

13 Sec. 2. The articles of incorporation of an MIHC must contain  
14 the following, or provisions at least substantially equivalent to the  
15 following:

16 (1) The name of the MIHC, which must include the term  
17 "mutual" or the abbreviation "MIHC".

18 (2) A provision specifying that the MIHC does not have the  
19 power to engage in the business of issuing insurance policies  
20 or contracts.

21 (3) A provision specifying that the MIHC is not authorized to  
22 issue voting or any other capital stock.

23 (4) A provision setting forth the rights of members of the  
24 MIHC in the equity of the MIHC in the event of a conversion  
25 to a stock company under Indiana law or a dissolution under  
26 IC 27-1-10, including the rights of the members to the assets  
27 of the MIHC.

28 (5) A provision specifying that:

29 (A) a member of the MIHC is not, as a member, personally  
30 liable for the acts, debts, liabilities, or obligations of the  
31 MIHC; and

32 (B) no assessment may be imposed upon the members of  
33 the MIHC by any person, including:

34 (i) the board of directors, members, or creditors of the  
35 MIHC; and

36 (ii) any governmental office or official, including the  
37 commissioner;

38 because of any liability of any company or because of any  
39 act, debt, or liability of the MIHC.

40 Sec. 3. Members of an MIHC have rights and obligations  
41 specified in:

42 (1) this article; and

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- (2) the articles of incorporation and bylaws of the MIHC.
- Sec. 4. The MIHC may not make any direct payment of income, dividends, or other distribution of profits to a member of an MIHC with respect to any membership interest in the MIHC, other than as directed or approved by the commissioner.**
- Sec. 5. (a) At least a majority of the following must be made up of outside directors:**
  - (1) The board of directors of an MIHC.
  - (2) The board of directors of a stock holding company that is not a wholly-owned subsidiary of an MIHC.
  - (3) The board of directors of a reorganized insurer that is not a wholly-owned subsidiary of an MIHC.
  - (4) Any audit committee or executive committee of the board of directors of:
    - (A) an MIHC;
    - (B) a stock holding company that is not a wholly-owned subsidiary of an MIHC; or
    - (C) a reorganized insurer that is not a wholly-owned subsidiary of an MIHC.
- (b) All of the directors who are members of any management compensation committee of the following entities must be outside directors:**
  - (1) An MIHC.
  - (2) A stock holding company that is not a wholly-owned subsidiary of an MIHC.
  - (3) A reorganized insurer that is not a wholly-owned subsidiary of an MIHC.
- (c) All of the directors who are members of any pricing committee of the following entities with responsibility for approving the price of stock sold in any offering under this article must be outside directors:**
  - (1) A stock holding company.
  - (2) A reorganized insurer.
- (d) The commissioner may determine, after furnishing the affected company and director with notice and opportunity to be heard, that an individual does not qualify as an outside director or otherwise should not be considered an outside director. Such an individual may continue to serve as a director, but from the date the commissioner notifies the affected company in writing of the determination and the basis for the determination, the individual may not be considered an outside director.**
- (e) A director's failure to qualify as or be considered an outside**

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1 director does not affect the validity of any action taken by the  
2 company, the board of directors, or any committee of the board of  
3 directors.

4 Sec. 6. (a) Except as provided in subsection (b), an MIHC:

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

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

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

10 (1) An MIHC does not have the right or privilege to write  
11 insurance (except through an insurance company subsidiary)  
12 and is not subject to any requirement or rule adopted under  
13 IC 4-22-2 relating to the writing of insurance.

14 (2) An MIHC is not subject to the deposit requirement in  
15 IC 27-1-6-15(d).

16 (3) An MIHC is not subject to any statute or rule adopted  
17 under IC 4-22-2 that is imposed upon insurance companies  
18 formed under this title to the extent that the statute or rule is  
19 in conflict with this article.

20 (4) An MIHC is not subject to the investment requirements  
21 under IC 27-1-12 or IC 27-1-13 that limit or restrict  
22 investments in subsidiaries.

23 (5) An MIHC is not subject to risk-based capital requirements  
24 under IC 27-1-36.

25 (6) An MIHC is not subject to a requirement under IC 27 if  
26 the commissioner determines by order or rule adopted by the  
27 commissioner under IC 4-22-2 that the requirement does not  
28 apply to the MIHC.

29 Sec. 7. (a) Not later than July 1 of each year, an MIHC shall file  
30 with the commissioner an annual statement containing the  
31 following information:

32 (1) Audited financial statements, including:

33 (A) an income statement;

34 (B) a balance sheet;

35 (C) a statement of cash flows; and

36 (D) footnotes.

37 (2) Complete information on the status of any condition  
38 imposed in connection with the approval of a plan of  
39 reorganization.

40 (3) An investment plan covering all assets of the MIHC.

41 (4) A statement that the MIHC and its affiliates have  
42 complied with section 8 of this chapter.

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- 1           (5) A statement that describes any changes in the members'
- 2           interests and the reason for any change in the members'
- 3           interests.
- 4           (b) Not later than July 1 of the first, second, and third years
- 5           after completion of a reorganization under IC 27-14-2, a
- 6           reorganized insurer shall file with the commissioner:
- 7           (1) a certificate of an actuary stating that the methodology
- 8           used by the reorganized insurer for any payment of
- 9           policyholder dividends in the previous year complied with the
- 10          methodology stated in the plan submitted under
- 11          IC 27-14-2-4(5) or other methodology approved by the
- 12          commissioner; and
- 13          (2) a certificate of an independent auditor of the reorganized
- 14          insurer that the calculation of any participating policy
- 15          dividends paid during the previous year complied with the
- 16          methodology stated in the plan submitted under
- 17          IC 27-14-2-4(5) and was accurate.
- 18          (c) If the certification of the actuary or auditor required in
- 19          subsection (b) has not been filed or if the commissioner has other
- 20          reasonable cause, the commissioner may employ at the expense of
- 21          the reorganized insurer an independent actuary or auditor, or
- 22          both, to issue the certifications required in subsection (b).
- 23          (d) The requirement to submit the certifications under
- 24          subsection (b) may be extended by the commissioner beyond the
- 25          third year after completion of a reorganization under IC 27-14-2:
- 26          (1) by order applicable to a particular recognized insurer if
- 27          the commissioner determines that further certifications are
- 28          necessary for the protection of the interests of the
- 29          policyholders of the reorganized insurer; and
- 30          (2) by rule adopted under IC 4-22-2 if the commissioner
- 31          determines that further certifications are necessary for the
- 32          protection of the interests of the policyholders of all
- 33          reorganized insurers or a particular class of reorganized
- 34          insurers.
- 35          Sec. 8. (a) For the purposes of IC 27-1-23:
- 36               (1) an MIHC and its affiliates constitute an insurance holding
- 37               company system; and
- 38               (2) an MIHC is considered to be an "insurer".
- 39          However, a separate filing or approval is not required under
- 40          IC 27-1-23 for an acquisition or a reorganization that is included
- 41          in a plan approved under this article.
- 42          (b) For the purpose of this section, a "material transaction"

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- 1 means:
- 2 (1) a transaction described in IC 27-1-23-4(b):
- 3 (A) between an MIHC and any affiliate; or
- 4 (B) between any affiliates of an MIHC if the transaction
- 5 equals or exceeds the percentages of admitted assets or
- 6 surplus set forth in IC 27-1-23-4(b) of any reorganized
- 7 insurer of the MIHC; or
- 8 (2) a transaction described in IC 27-1-23-4(b) between an
- 9 MIHC and any person as specified in a rule adopted by the
- 10 commissioner under IC 4-22-2 or an order issued by the
- 11 commissioner.
- 12 (c) An MIHC may not enter into a material transaction unless
- 13 the MIHC has notified the commissioner in writing of its intention
- 14 to enter into a material transaction at least thirty (30) days before
- 15 the transaction, or a shorter period as the commissioner may
- 16 permit, and the commissioner has not disapproved the transaction
- 17 within that period.
- 18 (d) In addition to the requirements of IC 27-1-23-4(a) and
- 19 IC 27-1-23-4(d), a material transaction must:
- 20 (1) be fair and reasonable to the members of the MIHC; and
- 21 (2) not violate the members' protection principle.
- 22 (e) An MIHC and its affiliates may not enter into transactions
- 23 that are part of a plan or series of like transactions if the purpose
- 24 of those separate transactions is to circumvent any rules of the
- 25 commissioner prohibiting a material transaction or this section.
- 26 **Sec. 9.** The interest of a member in an MIHC does not constitute
- 27 a security under Indiana law.
- 28 **Sec. 10.** (a) After the effective date of a plan of reorganization,
- 29 the officers and directors of the MIHC:
- 30 (1) owe the same fiduciary responsibilities to members of the
- 31 MIHC as the officers and directors of the former MIC owed
- 32 to members of the former MIC; and
- 33 (2) are subject to potential liability to members of the MIHC
- 34 to the same extent as the officers and directors of the former
- 35 MIC were to members of the former MIC before the effective
- 36 date of the plan of reorganization.
- 37 (b) An action may be brought to recover for the violation of
- 38 fiduciary responsibilities under this article under IC 34-11-2-4, or,
- 39 in the case of fraud, under IC 34-11-2-7.
- 40 **Sec. 11.** (a) The reorganized insurer must obtain commissioner
- 41 approval of the dividend practices with respect to participating
- 42 policies and contracts in force as of the effective date of the



1 reorganization to be followed by the reorganized insurer as set  
 2 forth in IC 27-14-2-4(5) if the dividend practices of the reorganized  
 3 insurer will be different from the dividend practices of the MIC.

4 (b) The commissioner may require the establishment of a closed  
 5 block or other mechanism that the commissioner finds to be fair  
 6 for the protection of MIC policyholder dividends.

7 (c) The dividend practices of the reorganized insurer, the  
 8 requirement to establish a closed block or other mechanism, or the  
 9 terms of the closed block, may be modified after approval under  
 10 subsection (a) or subsequent to a reorganization under IC 27-14-2  
 11 only with the prior approval of the commissioner on application of  
 12 the reorganized insurer.

13 (d) Neither a stock holding company nor a reorganized insurer  
 14 may pay dividends or make other distributions with respect to its  
 15 stock to its shareholders if the reorganized insurer has failed to pay  
 16 policyholder dividends in compliance with the dividend practices  
 17 approved by the commissioner in accordance with this section.

#### 18 Chapter 4. Issuance of Capital Stock

19 Sec. 1. (a) This chapter applies only to the initial public offering  
 20 of voting capital stock by a reorganized insurer or stock holding  
 21 company.

22 (b) A reorganized insurer or a stock holding company may issue  
 23 any type of stock permitted by the law under which it is organized.  
 24 However, a reorganized insurer and a stock holding company may  
 25 issue shares of stock to a person or entity other than:

- 26 (1) the MIHC of which it is a subsidiary; or
- 27 (2) a stock holding company or reorganized insurer that is a  
 28 direct or indirect subsidiary of the MIHC referred to in  
 29 subdivision (1);

30 only in compliance with this article.

31 Sec. 2. A plan to issue stock under this chapter must be adopted:

- 32 (1) in the case of a plan to issue stock that is concurrent with  
 33 the formation of the MIHC, by the board of directors of the  
 34 MIC; or
- 35 (2) in the case of a plan to issue shares of stock that is not  
 36 concurrent with the formation of the MIHC, by the board of  
 37 directors of the MIHC and reorganized insurer or stock  
 38 holding company proposing to issue the stock.

39 Sec. 3. A board of directors that adopts a plan to issue stock  
 40 under this chapter may amend or withdraw that plan at any time  
 41 before the effective date. However, after the commissioner has  
 42 approved a plan to issue stock, the plan may not be amended unless

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1 the commissioner approves the amendment.

2 **Sec. 4. Within ninety (90) days after the adoption of a plan to**  
 3 **issue stock, the reorganized insurer or stock holding company**  
 4 **adopting the plan must file with the commissioner an application**  
 5 **that contains the following:**

6 (1) A proposed plan to issue stock.

7 (2) A description of the reasons for and purpose of the  
 8 proposed plan and the manner in which the issuance will  
 9 benefit the members of the MIHC.

10 (3) If it is necessary to amend the current articles of  
 11 incorporation or bylaws of a company that is affected by the  
 12 plan, a copy of the proposed articles of amendment and  
 13 amended bylaws of the company, which in the case of each  
 14 domestic insurance company must comply with IC 27-1-8.

15 (4) A list of the officers and directors of a company that is  
 16 affected by the plan.

17 (5) A description of:

18 (A) the stock intended to be offered by the applicant;

19 (B) all shareholder rights applicable to the stock intended  
 20 to be offered by the applicant;

21 (C) the total number of shares authorized to be issued;

22 (D) the estimated number of shares the applicant intends  
 23 to offer; and

24 (E) the intended date or range of dates for the offering.

25 (6) A list of:

26 (A) the name of any underwriter, syndicate member, or  
 27 placement agent involved;

28 (B) if known by the applicant, the name of each person or  
 29 group of persons who will control five percent (5%) or  
 30 more of the total outstanding shares of the class of stock to  
 31 be offered; and

32 (C) if any of the persons listed under clause (A) or (B) is a  
 33 corporation or other business organization, the name of  
 34 each member of its board of directors or equivalent  
 35 management body.

36 (7) A description of all expenses expected to be incurred in  
 37 connection with the offering.

38 (8) Any other information requested by the commissioner.

39 **Sec. 5. A plan to issue stock in a public offering (other than an**  
 40 **offering solely in connection with a consolidation, merger, share**  
 41 **exchange, or other business combination or an offering of stock**  
 42 **under a stock option or other employee benefit plan) must do the**



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1 following:

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

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

7 (3) Provide a fair and equitable means for allocating shares of  
8 stock in the event of an over-subscription to the shares by  
9 eligible members exercising subscription rights received  
10 under this chapter.

11 (4) Provide that any shares of stock not subscribed to by  
12 eligible members exercising subscription rights received  
13 under this chapter, or not subscribed to by an employee  
14 benefit plan or by directors, officers, and employees  
15 exercising subscription rights, will be sold:

16 (A) in a public offering through an underwriter;

17 (B) through private placement; or

18 (C) by any other method approved by the commissioner  
19 that is fair and equitable to members.

20 (5) Provide that the MIHC will adopt articles of incorporation  
21 or articles of amendment that include a provision prohibiting  
22 the MIHC from waiving any dividends from its subsidiaries  
23 except after approval of the waiver by the board of directors  
24 of the MIHC and by the commissioner.

25 (6) Establish a pricing committee within the board of  
26 directors of the entity making the offering of stock, consisting  
27 exclusively of outside directors.

28 (7) Require that the shares not be issued without the favorable  
29 written opinion of the independent financial advisor as  
30 required by IC 27-14-6-4.

31 Sec. 6. Subject to the limitations of IC 27-14-5, a plan to issue  
32 stock may do the following:

33 (1) Provide an allocation without payment of nontransferable  
34 subscription rights to purchase not more than ten percent  
35 (10%) of the total amount of outstanding stock to one (1) or  
36 more employee benefit plans that satisfy the requirements of  
37 Section 401(a), 403(b), 404(c), 408, 423, or 501(c)(9) of the  
38 Internal Revenue Code, limited to the extent that  
39 unsubscribed shares of stock remain after the members have  
40 exercised their subscription rights.

41 (2) Provide for:

42 (A) the establishment of; and

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- 1           **(B) the allocation of not more than four percent (4%) of**  
 2           **the total amount of outstanding stock to;**  
 3           **an employee benefit plan that provides benefits that are**  
 4           **subject to taxation under Section 83 of the Internal Revenue**  
 5           **Code or that complies with the requirements of Section 422 of**  
 6           **the Internal Revenue Code, for the purpose of granting stock**  
 7           **or stock options.**  
 8           **(3) Provide that the articles of incorporation of a subsidiary**  
 9           **of the MIHC may, subject to specified exceptions, prohibit a:**  
 10           **(A) person; or**  
 11           **(B) group of persons acting in concert;**  
 12           **acting directly or through associates, from acquiring more**  
 13           **than a specified percentage of any class of the issued and**  
 14           **outstanding shares of capital stock of the issuing subsidiary.**  
 15           **(4) Provide that the aggregate number of shares of**  
 16           **outstanding stock purchased by an eligible member that**  
 17           **exercises subscription rights may not exceed:**  
 18           **(A) a specified number of shares equal to at least one**  
 19           **percent (1%) of the total number of outstanding shares; or**  
 20           **(B) a specified percentage of not less than one percent**  
 21           **(1%) of the total number of outstanding shares.**  
 22           **(5) Provide that subscription rights need not be granted to an**  
 23           **eligible member who resides in a foreign country or other**  
 24           **jurisdiction for which the commissioner determines that all of**  
 25           **the following apply:**  
 26           **(A) A small number of eligible members reside in the**  
 27           **jurisdiction.**  
 28           **(B) The granting of subscription rights or the offer or sale**  
 29           **of stock to eligible members in the jurisdiction would**  
 30           **require the issuer or its officers or directors to:**  
 31           **(i) register, under the security laws of the jurisdiction, as**  
 32           **a broker, dealer, salesman, or agent; or**  
 33           **(ii) register, or otherwise qualify, the stock for sale in the**  
 34           **jurisdiction.**  
 35           **(C) The registration, qualification, or filing in the**  
 36           **judgment of the commissioner would be impracticable or**  
 37           **unduly burdensome for reasons of cost or otherwise.**  
 38           **(6) Provide that an eligible member that exercises**  
 39           **subscription rights must subscribe for at least a minimum**  
 40           **number of shares of stock or a minimum dollar amount of**  
 41           **stock unless the commissioner has determined that either**  
 42           **minimum is unreasonable based on the respective interests of**



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1 the issuer of stock and the eligible members.

2 **Sec. 7.** Notwithstanding any provision of this article, an MIHC  
3 or an affiliate of an MIHC may not use any form of a stock option  
4 or other preference with respect to the sale or purchase of any  
5 stock or other equity instrument of the MIHC or an affiliate of the  
6 MIHC to compensate an officer or director of the MIHC or an  
7 affiliate of the MIHC for services in connection with a plan to issue  
8 stock.

9 **Sec. 8.** Neither a stock holding company nor a reorganized  
10 insurer may pay dividends or make other distributions with  
11 respect to its stock to its shareholders if the reorganized insurer  
12 has failed to pay policyholder dividends under IC 27-14-3-11.

13 **Chapter 5. Restrictions on Capital and Other Stock**

14 **Sec. 1.** After the effective date of the plan of reorganization, the  
15 MIHC must at all times have the direct or indirect:

16 (1) power to cast at least fifty-one percent (51%) of the votes  
17 on all matters submitted to a vote of the holders of common  
18 stock (or any other class of stock entitled to vote generally on  
19 matters submitted to security holders for a vote, including the  
20 election of directors) of each reorganized insurer and any  
21 stock holding company of the MIHC; and

22 (2) ownership of shares of stock entitled to:

23 (A) receipt of at least fifty-one percent (51%) of all  
24 dividends declared on common stock of each reorganized  
25 insurer and any stock holding company of the MIHC; and

26 (B) receipt of at least fifty-one percent (51%) of the net  
27 proceeds to common stockholders upon any dissolution of  
28 each reorganized insurer and any stock holding company  
29 of the MIHC.

30 **Sec. 2.** (a) As used in this section, "CPI adjustment" means the  
31 percentage increase or decrease in the Consumer Price Index for  
32 Urban Wage Earners and Clerical Workers published monthly by  
33 the United States Bureau of Labor Statistics or any successor index  
34 published by the United States, as of the end of each calendar year,  
35 commencing January 1, 1999.

36 (b) The CPI adjustment referred to under subsection (c) shall be  
37 made by the commissioner as of January 1, 2000, and each year  
38 thereafter, based on the CPI adjustment for the preceding year.

39 (c) The aggregate number of shares of equity securities owned  
40 by all of the directors and officers of the MIHC and its affiliates  
41 and associates, excluding any shares acquired by or held for the  
42 benefit of the officers and directors and their associates through an



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1 **employee benefit plan as permitted by IC 27-14-4-6(1) and section**  
2 **5 of this chapter, may not exceed the following:**

3 (1) **Fifteen percent (15%) of the total number of outstanding**  
4 **shares of equity securities of each reorganized insurer and**  
5 **any stock holding company if the total surplus of the MIHC**  
6 **and all of its reorganized insurers is greater than one billion**  
7 **five hundred million dollars (\$1,500,000,000), as adjusted**  
8 **annually by the CPI.**

9 (2) **Twenty percent (20%) of the total number of outstanding**  
10 **shares of equity securities of each reorganized insurer and**  
11 **any stock holding company if the total surplus of the MIHC**  
12 **and all of its reorganized insurers is greater than seven**  
13 **hundred fifty million dollars (\$750,000,000), as adjusted**  
14 **annually by the CPI, and less than or equal to one billion five**  
15 **hundred million dollars (\$1,500,000,000), as adjusted annually**  
16 **by the CPI.**

17 (3) **Twenty-five percent (25%) of the total number of**  
18 **outstanding shares of equity securities of each reorganized**  
19 **insurer and any stock holding company if the total surplus of**  
20 **the MIHC and all of this reorganized insurers is greater than**  
21 **two hundred fifty million dollars (\$250,000,000), as adjusted**  
22 **annually by the CPI, and less than or equal to seven hundred**  
23 **fifty million dollars (\$750,000,000), as adjusted annually by**  
24 **the CPI.**

25 (4) **Thirty percent (30%) of the total number of outstanding**  
26 **shares of equity securities of each reorganized insurer and all**  
27 **of its reorganized insurers is less than or equal to two**  
28 **hundred fifty million dollars (\$250,000,000), as adjusted**  
29 **annually by the CPI.**

30 **Sec. 3. The aggregate number of shares of equity securities**  
31 **owned by:**

32 (1) **a single director or officer of the MIHC or any subsidiary**  
33 **of the MIHC;**

34 (2) **associates of the person referred to in subdivision (1); and**

35 (3) **persons acting in concert with the person referred to in**  
36 **subdivision (1) or (2);**

37 **may not exceed five percent (5%) of the total number of**  
38 **outstanding shares of equity securities of each reorganized insurer**  
39 **and any stock holding company excluding any equity securities**  
40 **acquired by or held for the benefit of the officers and directors and**  
41 **their associates through employee benefit plans as permitted by**  
42 **IC 27-14-4-6(1) and section 5 of this chapter, but including any**

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1 equity securities beneficially owned by officers and directors and  
2 their associates under employee benefit plans as provided in  
3 IC 27-14-4-6(2).

4 **Sec. 4.** A director, officer, agent, or employee of the MIHC or its  
5 subsidiaries, or an associate of a director, an officer, an agent, or  
6 employee, may not receive a fee, commission, or other valuable  
7 consideration for aiding, promoting, or assisting in the issuance of  
8 stock under this section, except for:

9 (1) compensation as provided for in the plan and approved by  
10 the commissioner;

11 (2) the person's usual, regular salary or compensation; or

12 (3) reasonable fees and compensation paid to an individual  
13 who is an attorney, accountant, actuary, or financial adviser  
14 for services performed in the individual's independent  
15 practice, even if the individual is also a director, an officer, an  
16 agent, or an employee of the MIHC or its subsidiaries.

17 **Sec. 5.** The aggregate number of shares of stock that may be  
18 purchased or held by an employee benefit plan may not exceed ten  
19 percent (10%) of the total number of outstanding shares of a  
20 reorganized insurer or any stock holding company.

21 **Sec. 6.** A reorganized insurer or stock holding company may not  
22 issue stock to directors or officers, or both, except stock of a class  
23 that is publicly traded.

24 **Sec. 7.** A reorganized insurer or stock holding company may  
25 not:

26 (1) grant stock purchase options or warrants, or otherwise use  
27 securities to provide compensation to directors or officers, or  
28 both, at a price less than the fair market value of the security  
29 on the date of the grant; or

30 (2) sell securities to directors or officers, or both, at a price  
31 less than the fair market value of the security (except under  
32 the exercise of authorized stock options consistent with  
33 subdivision (1) and section 8 of this chapter).

34 **Sec. 8.** A reorganized insurer or stock holding company may not  
35 grant stock purchase options to directors or officers, or both, until  
36 at least six (6) months after public trading for the stock has begun.

37 **Sec. 9.** (a) For purposes of determining compliance with  
38 ownership restrictions in this chapter, a person to whom a stock  
39 purchase option or warrant has been granted under this chapter  
40 is not considered to own the underlying securities until the stock  
41 purchase option or warrant is exercised and the securities have  
42 been issued.

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1 (b) An increase in a person's percentage ownership of securities  
 2 does not constitute a violation of the securities ownership  
 3 restrictions in this chapter if the increase in percentage ownership  
 4 results solely from a decrease in the aggregate number of securities  
 5 outstanding.

6 (c) An inadvertent ownership of securities that exceeds the  
 7 securities ownership limitations in this chapter does not violate this  
 8 chapter if:

9 (1) a sufficient number of securities are divested within thirty  
 10 (30) days after the limitation was first known to be exceeded  
 11 so that the limitation is no longer exceeded; and

12 (2) during the period when the limitation is known to have  
 13 been exceeded, the owner of the securities:

14 (A) does not vote any securities in excess of the limitation;  
 15 and

16 (B) does not accept a dividend in respect of any securities  
 17 that exceed the limitations.

18 **Chapter 6. Public Hearing, Commissioner Approval, and**  
 19 **Effective Date of Plan to Issue Stock**

20 **Sec. 1. Not more than:**

21 (1) sixty (60) days after the acceptance of an application filed  
 22 with respect to a plan to issue stock under IC 27-14-4; or

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

25 the commissioner may conduct a public hearing under  
 26 IC 4-22-2-26 to afford interested persons an opportunity to present  
 27 information, views, arguments, or comments about the plan.

28 **Sec. 2. (a) At least thirty (30) days before a hearing held under**  
 29 **this chapter, the commissioner shall publish notice of the hearing**  
 30 **in a newspaper of general circulation in:**

31 (1) the city of Indianapolis;

32 (2) the city in which the principal office of the applicant is  
 33 located; and

34 (3) another city or cities that the commissioner considers  
 35 appropriate;

36 and may provide written notice of the hearing by other means and  
 37 to other persons that the commissioner considers appropriate.

38 (b) The notice provided under this section must:

39 (1) refer to the applicable statutory provisions;

40 (2) state the date, time, and location of the hearing; and

41 (3) include a brief statement of the subject of the hearing.

42 **Sec. 3. (a) On or before the later of:**

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- 1           (1) sixty (60) days after a public hearing held under this  
2           chapter; or  
3           (2) one hundred twenty (120) days after the commissioner  
4           accepts the application relating to the plan;  
5           or a longer period if extended by the commissioner for good cause,  
6           the commissioner shall issue an order to approve or disapprove the  
7           plan under IC 27-14-4 to issue stock.  
8           (b) The commissioner shall fully consider any comments  
9           received at a public hearing under IC 4-22-2-27 before issuing an  
10          order under subsection (a).  
11          Sec. 4. (a) The commissioner shall retain an independent  
12          financial adviser who shall, on behalf of members, review the  
13          offering price and issue a written opinion as to whether the  
14          offering price is fair from a financial point of view to the members  
15          as a group.  
16          (b) The commissioner's approval of a plan under section 6 of  
17          this chapter is subject to the condition that a favorable opinion of  
18          the financial adviser is delivered to the commissioner before the  
19          stock is issued.  
20          (c) The fees and expenses of the financial adviser shall be paid  
21          by the issuer of the stock.  
22          Sec. 5. The commissioner shall approve a plan to issue stock  
23          submitted under IC 27-14-4 unless the commissioner makes at least  
24          one (1) of the following findings with respect to the plan:  
25          (1) Disapproval of the plan is necessary to prevent practices  
26          that will cause financial impairment to the applicant or its  
27          subsidiaries.  
28          (2) The financial or management resources of the applicant or  
29          its subsidiaries or affiliates warrant disapproval.  
30          (3) The plan does not comply with this article.  
31          (4) The proposed plan is unfair, unreasonable or inequitable  
32          to members or policyholders.  
33          (5) The plan does not comply with the members' protection  
34          principle.  
35          Sec. 6. (a) The commissioner shall transmit to the applicant a  
36          copy of any order approving or disapproving a plan.  
37          (b) If the commissioner disapproves a plan, the commissioner  
38          shall provide the applicant with a written statement detailing the  
39          reasons for the disapproval.  
40          Sec. 7. The approval by the commissioner of a plan to issue  
41          stock expires one hundred eighty (180) days after the date of  
42          approval, except as otherwise provided by an order of the



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1 commissioner.

2 **Sec. 8.** The amendment of the articles of incorporation of a  
3 domestic insurance company under a plan under this article must  
4 be conducted in compliance with IC 27-1-8, except as provided in  
5 this chapter.

6 **Chapter 7. Miscellaneous Provisions**

7 **Sec. 1.** (a) This article, while independent of any other law, is  
8 supplemental to IC 27-1-2 through IC 27-1-20.

9 (b) Except as provided in this article, all provisions of IC 27-1-2  
10 through IC 27-1-20 are fully and completely applicable to this  
11 article in the same manner as if the provisions of this article had  
12 been an original part of IC 27-1-2 through IC 27-1-20. If any  
13 conflict exists between this article and IC 27-1-2 through  
14 IC 27-1-20, this article is controlling.

15 **Sec. 2.** A civil action:

- 16 (1) challenging the validity of; or  
17 (2) arising out of;

18 action that is taken or proposed to be taken under this article must  
19 commence not later than sixty (60) days after the approval by the  
20 commissioner of the plan under which or in respect of which the  
21 action is taken or proposed to be taken.

22 **Sec. 3.** The provisions of this article are severable in the manner  
23 provided in IC 1-1-1-8(b).

24 **Sec. 4.** (a) A person who is aggrieved by an action of the  
25 commissioner under this article may petition for judicial review of  
26 the action under IC 4-21.5-5.

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

31 **Sec. 5.** (a) Except as provided in this section, IC 5-14 applies to  
32 all filings made under this article.

33 (b) Filings made under this article may include information that  
34 might be damaging to an applicant or its affiliate if made available  
35 to competitors. Subject to subsection (c), all information,  
36 documents, and copies of the filings containing trade secrets of an  
37 applicant or its affiliate are declared:

- 38 (1) confidential for the purposes of IC 5-14-3-4; and  
39 (2) not subject to inspection and copying by the public under  
40 person, except to insurance departments of other states which  
41 agree to such confidential treatment;

42 without the written consent of the person to which they pertain.



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1 (c) If the commissioner, after giving notice to the person seeking  
 2 such confidential treatment and any other person requesting  
 3 disclosure, after giving them an opportunity to respond at a  
 4 departmental hearing in camera, and after giving due  
 5 consideration to any legitimate interest in preserving trade secrets,  
 6 determines that the members or policyholders have a compelling  
 7 interest that would be served by disclosure, then the commissioner,  
 8 after five (5) business days have elapsed from notification to the  
 9 applicant, may disclose all or any part thereof in a manner and  
 10 subject to the limitations as the commissioner determines  
 11 appropriate.

12 (d) If within the five (5) business days period referred to in  
 13 subsection (c), the applicant notifies the commissioner that the  
 14 applicant or other interested party has filed an action seeking a  
 15 protective order from a circuit or superior court to prevent or to  
 16 limit disclosure, the commissioner shall not disclose the  
 17 information, documents, or copies thereof during the pendency of  
 18 the action and any appeal or after any final court decision  
 19 prohibiting disclosure.

20 **Sec. 6. An MIHC and its subsidiaries and affiliates may not do**  
 21 **any of the following:**

22 (1) Lend funds to a person to finance the purchase of stock in  
 23 a stock offering by an MIHC or any of its subsidiaries other  
 24 than policyholder loans granted under the terms of an  
 25 insurance policy of a subsidiary.

26 (2) Pay commissions, special fees, or other special or  
 27 extraordinary compensation to officers, directors, interested  
 28 persons, or affiliates for arranging, promoting, aiding,  
 29 assisting, or participating in the structure or placement of a  
 30 stock offering by the MIHC or any of its subsidiaries, except  
 31 to the extent permitted under IC 27-14-4.

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

35 **Sec. 7. (a) Except as provided in subsection (b), a reorganized**  
 36 **insurer to which insurance policies, contracts, and other assets and**  
 37 **obligations are transferred in connection with a plan of**  
 38 **reorganization under this article has, with respect to the insurance**  
 39 **policies, contracts, and other assets and obligations, all rights,**  
 40 **liabilities, and authority of the MIC that is the subject of the plan**  
 41 **of reorganization.**

42 (b) An MIHC resulting from a plan of reorganization of a MIC

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1 under this article, has all obligations and liabilities of the MIC for  
 2 any claim, asserted or otherwise, that existed at the effective date  
 3 of the reorganization and that:

4 (1) seeks the imposition of a constructive or charitable trust  
 5 on assets of the MIC for the benefit of policyholders,  
 6 members, or other persons;

7 (2) seeks distribution or return of assets, or other form of  
 8 compensation, from the MIC to policy holders or members;  
 9 or

10 (3) otherwise arises out of, or relates to, the ownership  
 11 interest of policyholders or members of the MIC, or to the  
 12 value of their ownership interests, including any claim that  
 13 challenges a statutory transaction engaged in by the MIC  
 14 before the effective date of the reorganization.

15 **Sec. 8. If a proceeding is pending against an MIC that is the**  
 16 **subject of a plan of reorganization under this article:**

17 (1) the proceeding may be continued after the effective date as  
 18 if the reorganization had not occurred; or

19 (2) the reorganized insurer that is the successor to the MIC's  
 20 business may be substituted in the proceeding for the MIC;  
 21 except that the MIHC resulting from the plan of reorganization  
 22 shall be substituted for the MIC and any subsidiaries of the MIC  
 23 in all proceedings involving any claim described in section 7(b) of  
 24 this chapter.

25 **Sec. 9. An MIHC may convert to a stock company under**  
 26 **IC 27-1-8-13 as though the MIHC were an MIC.**

27 **Sec. 10. The commissioner shall, at the applicant's expense, hire**  
 28 **attorneys, actuaries, accountants, investment bankers, and other**  
 29 **experts as may be necessary to assist the commissioner in**  
 30 **reviewing all matters under this article that are associated with a**  
 31 **plan of reorganization or a plan to issue stock. The commissioner**  
 32 **may at any time require an applicant to deposit an amount of**  
 33 **money with the department of insurance in anticipation of**  
 34 **expenses to be incurred by the commissioner under this article.**

35 **Sec. 11. The commissioner may adopt rules under IC 4-22-2 to**  
 36 **carry out the purposes of this article.**

37 **Sec. 12. (a) A domestic MIC may reorganize with a foreign**  
 38 **mutual holding company by complying with IC 27-14-2. The**  
 39 **commissioner may waive any provision of IC 27-14-2 if the**  
 40 **commissioner determines the provision to be unnecessary for the**  
 41 **protection of policyholders and members.**

42 (b) A plan of reorganization under subsection (a) is effective

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1 when the reorganized domestic stock insurance company  
2 subsidiary has filed its articles of amendment and amended  
3 certificate of authority in the office of the county recorder of the  
4 county in which the principal office of the company is located or at  
5 a later date specified in the plan of reorganization.

6 (c) A domestic MIC seeking to reorganize under subsection (a)  
7 may at the same time redomesticate to another state by complying  
8 with IC 27-1-6.5 and the applicable requirements of the state to  
9 which it seeks to transfer domicile.

10 Sec. 13. (a) An existing MIHC may, with the prior approval of  
11 the commissioner:

12 (1) acquire direct or indirect ownership of a converting  
13 foreign MIC that becomes a stock insurer in compliance with  
14 the laws of its state of domicile; and

15 (2) grant membership interests and equity rights to the  
16 members or policyholders of a foreign mutual insurer that  
17 merges with a direct or indirect domestic or foreign  
18 subsidiary of the MIHC or is otherwise acquired by the  
19 MIHC.

20 (b) The commissioner shall consider the fairness of the terms  
21 and conditions of the transaction, whether the interests of the  
22 members of each MIHC that is a party to the transaction are  
23 protected, and whether the proposed transaction is in the public  
24 interest when determining whether to approve a transaction under  
25 subsection (a).

26 Sec. 14. The concurrent reorganization of two (2) or more MICs  
27 into a single MIHC structure under IC 27-14-2 may be  
28 accomplished by a joint application and a joint plan of  
29 reorganization and may be approved by the commissioner  
30 following a combined hearing. The commissioner may allow such  
31 other procedures as may be necessary or desirable to avoid  
32 unnecessary or duplicative costs and efforts in satisfying the  
33 requirements of this article and in effectuating the reorganization.

34 SECTION 5. [EFFECTIVE UPON PASSAGE] (a) IC 27-14, as  
35 added by this act, is intended to enable mutual insurance  
36 companies to seek additional capital more effectively to:

37 (1) enhance their financial strength and flexibility;

38 (2) support long term growth internally and through mergers  
39 and acquisitions; and

40 (3) expand and enhance the domestic insurance companies of  
41 this state.

42 (b) IC 27-14, as added by this act, provides an alternative

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1       **organizational structure to help strengthen the Indiana mutual**  
2       **insurance industry by permitting mutual insurance companies to:**  
3               **(1) reorganize into a mutual insurance holding company**  
4               **structure; and**  
5               **(2) raise capital through the sale of capital stock.**  
6       **SECTION 6. An emergency is declared for this act.**

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SENATE MOTION

Mr. President: I move that Senator Alting be added as coauthor of Senate Bill 33.

CLARK

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COMMITTEE REPORT

Mr. President: The Senate Committee on Rules and Legislative Procedure, to which was referred Senate Bill No. 33, 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 33 as introduced.)

GARTON, Chairperson

Committee Vote: Yeas 7, Nays 1.

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