

304.24-360 Mutualization of stock insurer.

- (1) A stock insurer may become a mutual insurer under such reasonable plan and procedure as may be approved by the commissioner after a hearing thereon.
- (2) The commissioner shall not approve any such plan or procedure of mutualization unless:
 - (a) The commissioner finds that it is equitable to stockholders and policyholders;
 - (b) It is subject to approval by the holders of not less than three-fourths (3/4) of the insurer's outstanding capital stock having voting rights, and by not less than two-thirds (2/3) of the insurer's policyholders, who vote on such plan in person, by proxy, or by mail, pursuant to such reasonable notice and procedure as may be approved by the commissioner;
 - (c) If a life insurer, the right to vote thereon is limited to holders of policies, other than term or group policies, whose policies have been in force for more than one (1) year;
 - (d) Mutualization will result in retirement of shares of the insurer's capital stock at a price not in excess of the fair market value thereof as determined by competent disinterested appraisers;
 - (e) The plan provides for the purchase of the shares of any dissenting stockholder in the same manner and subject to the same applicable conditions as provided by KRS Chapter 271B as to rights of dissenting stockholders with respect to merger or consolidation of business corporations;
 - (f) The plan provides for definite conditions to be fulfilled by a designated early date upon which such mutualization will be deemed effective; and
 - (g) The mutualization leaves the insurer with surplus funds reasonably adequate for the security of its policyholders and to enable it to continue successfully in business in the states in which it is then authorized to transact insurance and for the kinds of insurance included in its certificates of authority in such states.
- (3) This section shall not apply to mutualization under order of court pursuant to rehabilitation or reorganization of an insurer under Subtitle 33 of this chapter.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1341, effective July 15, 2010. -- Amended 1972 Ky. Acts ch. 274, sec. 163, effective July 1, 1972. -- Created 1970 Ky. Acts ch. 301, subtit. 24, sec. 36, effective June 18, 1970.

Legislative Research Commission Note. As of January 1, 1989, KRS Ch. 271A becomes KRS Ch. 271B. Therefore, the reference in subdivision (2)(e) of this section to KRS Ch. 271A has been changed to KRS Ch. 271B.