

holding company nor the converted insurer shall award any stock options or stock grants to persons who are elected officers or directors of the mutual holding company, the stock holding company, or the converted insurer, except with respect to any such awards or options to which a person is entitled as a policyholder and as approved by the State insurance regulator of the transferee domicile.

**(4) Policyholder rights**

Upon reorganization into a mutual holding company, the contractual rights of the policyholders are preserved.

**(5) Fair and equitable treatment of policyholders**

The reorganization is approved as fair and equitable to the policyholders by the insurance regulator of the transferee domicile.

(Pub. L. 106-102, title III, §312, Nov. 12, 1999, 113 Stat. 1417.)

**§ 6733. Effect on State laws restricting redomestication**

**(a) In general**

Unless otherwise permitted by this subchapter, State laws of any transferor domicile that conflict with the purposes and intent of this subchapter are preempted, including but not limited to—

(1) any law that has the purpose or effect of impeding the activities of, taking any action against, or applying any provision of law or regulation to, any insurer or an affiliate of such insurer because that insurer or any affiliate plans to redomesticate, or has redomesticated, pursuant to this subchapter;

(2) any law that has the purpose or effect of impeding the activities of, taking action against, or applying any provision of law or regulation to, any insured or any insurance licensee or other intermediary because such person has procured insurance from or placed insurance with any insurer or affiliate of such insurer that plans to redomesticate, or has redomesticated, pursuant to this subchapter, but only to the extent that such law would treat such insured licensee or other intermediary differently than if the person procured insurance from, or placed insurance with, an insured licensee or other intermediary which had not redomesticated; and

(3) any law that has the purpose or effect of terminating, because of the redomestication of a mutual insurer pursuant to this subchapter, any certificate of authority, agent appointment or license, rate approval, or other approval, of any State insurance regulator or other State authority in existence immediately prior to the redomestication in any State other than the transferee domicile.

**(b) Differential treatment prohibited**

No State law, regulation, interpretation, or functional equivalent thereof, of a State other than a transferee domicile may treat a redomesticating or redomesticated insurer or any affiliate thereof any differently than an insurer operating in that State that is not a redomesticating or redomesticated insurer.

**(c) Laws prohibiting operations**

If any licensed State fails to issue, delays the issuance of, or seeks to revoke an original or renewal certificate of authority of a redomesticated insurer promptly following redomestication, except on grounds and in a manner consistent with its past practices regarding the issuance of certificates of authority to foreign insurers that are not redomesticating, then the redomesticating insurer shall be exempt from any State law of the licensed State to the extent that such State law or the operation of such State law would make unlawful, or regulate, directly or indirectly, the operation of the redomesticated insurer, except that such licensed State may require the redomesticated insurer to—

(1) comply with the unfair claim settlement practices law of the licensed State;

(2) pay, on a nondiscriminatory basis, applicable premium and other taxes which are levied on licensed insurers or policyholders under the laws of the licensed State;

(3) register with and designate the State insurance regulator as its agent solely for the purpose of receiving service of legal documents or process;

(4) submit to an examination by the State insurance regulator in any licensed State in which the redomesticated insurer is doing business to determine the insurer's financial condition, if—

(A) the State insurance regulator of the transferee domicile has not begun an examination of the redomesticated insurer and has not scheduled such an examination to begin before the end of the 1-year period beginning on the date of the redomestication; and

(B) any such examination is coordinated to avoid unjustified duplication and repetition;

(5) comply with a lawful order issued in—

(A) a delinquency proceeding commenced by the State insurance regulator of any licensed State if there has been a judicial finding of financial impairment under paragraph (7); or

(B) a voluntary dissolution proceeding;

(6) comply with any State law regarding deceptive, false, or fraudulent acts or practices, except that if the licensed State seeks an injunction regarding the conduct described in this paragraph, such injunction must be obtained from a court of competent jurisdiction as provided in section 6734(a) of this title;

(7) comply with an injunction issued by a court of competent jurisdiction, upon a petition by the State insurance regulator alleging that the redomesticating insurer is in hazardous financial condition or is financially impaired;

(8) participate in any insurance insolvency guaranty association on the same basis as any other insurer licensed in the licensed State; and

(9) require a person acting, or offering to act, as an insurance licensee for a redomesticated insurer in the licensed State to obtain a license from that State, except that such State may not impose any qualification or re-

quirement that discriminates against a non-resident insurance licensee.

(Pub. L. 106-102, title III, §313, Nov. 12, 1999, 113 Stat. 1419.)

### § 6734. Other provisions

#### (a) Judicial review

The appropriate United States district court shall have exclusive jurisdiction over litigation arising under this section<sup>1</sup> involving any redomesticating or redomesticated insurer.

#### (b) Severability

If any provision of this section,<sup>1</sup> or the application thereof to any person or circumstances, is held invalid, the remainder of the section,<sup>1</sup> and the application of such provision to other persons or circumstances, shall not be affected thereby.

(Pub. L. 106-102, title III, §314, Nov. 12, 1999, 113 Stat. 1420.)

#### REFERENCES IN TEXT

This section, referred to in text, probably should be a reference to this subtitle, meaning subtitle B (§§311-316) of title III of Pub. L. 106-102, which is classified generally to this subchapter.

### § 6735. Definitions

For purposes of this subchapter, the following definitions shall apply:

#### (1) Court of competent jurisdiction

The term “court of competent jurisdiction” means a court authorized pursuant to section 6734(a) of this title to adjudicate litigation arising under this subchapter.

#### (2) Domicile

The term “domicile” means the State in which an insurer is incorporated, chartered, or organized.

#### (3) Insurance licensee

The term “insurance licensee” means any person holding a license under State law to act as insurance agent, subagent, broker, or consultant.

#### (4) Institution

The term “institution” means a corporation, joint stock company, limited liability company, limited liability partnership, association, trust, partnership, or any similar entity.

#### (5) Licensed State

The term “licensed State” means any State, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands in which the redomesticating insurer has a certificate of authority in effect immediately prior to the redomestication.

#### (6) Mutual insurer

The term “mutual insurer” means a mutual insurer organized under the laws of any State.

#### (7) Person

The term “person” means an individual, institution, government or governmental agen-

cy, State or political subdivision of a State, public corporation, board, association, estate, trustee, or fiduciary, or other similar entity.

#### (8) Policyholder

The term “policyholder” means the owner of a policy issued by a mutual insurer, except that, with respect to voting rights, the term means a member of a mutual insurer or mutual holding company granted the right to vote, as determined under applicable State law.

#### (9) Redomesticated insurer

The term “redomesticated insurer” means a mutual insurer that has redomesticated pursuant to this subchapter.

#### (10) Redomesticating insurer

The term “redomesticating insurer” means a mutual insurer that is redomesticating pursuant to this subchapter.

#### (11) Redomestication or transfer

The term “redomestication” or “transfer” means the transfer of the domicile of a mutual insurer from one State to another State pursuant to this subchapter.

#### (12) State insurance regulator

The term “State insurance regulator” means the principal insurance regulatory authority of a State, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands.

#### (13) State law

The term “State law” means the statutes of any State, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands and any regulation, order, or requirement prescribed pursuant to any such statute.

#### (14) Transferee domicile

The term “transferee domicile” means the State to which a mutual insurer is redomesticating pursuant to this subchapter.

#### (15) Transferor domicile

The term “transferor domicile” means the State from which a mutual insurer is redomesticating pursuant to this subchapter.

(Pub. L. 106-102, title III, §315, Nov. 12, 1999, 113 Stat. 1420.)

#### TERMINATION OF TRUST TERRITORY OF THE PACIFIC ISLANDS

For termination of Trust Territory of the Pacific Islands, see note set out preceding section 1681 of Title 48, Territories and Insular Possessions.

#### SUBCHAPTER III—NATIONAL ASSOCIATION OF REGISTERED AGENTS AND BROKERS

### § 6751. State flexibility in multistate licensing reforms

#### (a) In general

The provisions of this subchapter shall take effect unless, not later than 3 years after No-

<sup>1</sup> See References in Text note below.