

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

Act 30 of the Regular Session

1 State of Arkansas
2 86th General Assembly
3 Regular Session, 2007
4

A Bill

SENATE BILL 17

5 By: Senator R. Thompson
6
7

For An Act To Be Entitled

9 AN ACT TO PERMIT A HOLDING COMPANY TO PARTICIPATE
10 IN THE CONVERSION OF A MUTUAL INSURER TO A STOCK
11 INSURER; AND FOR OTHER PURPOSES.
12

Subtitle

13 AN ACT TO PERMIT A HOLDING COMPANY TO
14 PARTICIPATE IN THE CONVERSION OF A
15 MUTUAL INSURER TO A STOCK INSURER.
16
17
18

19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
20

21 SECTION 1. Arkansas Code § 23-69-141(b)(5), concerning the requirement
22 of providing preemptive rights to parties to a demutualization of a mutual
23 insurance company, is amended to read as follows:

24 (5) The plan gives ~~to~~ each policyholder or former policyholder
25 of the insurer, ~~as specified in~~ entitled to participate in the purchase of
26 stock or distribution of assets under subdivision (b)(4) of this section, ~~;~~

27 (A) ~~a~~ A preemptive right to acquire within a designated
28 reasonable period his or her proportionate part of all of the proposed
29 capital stock of;

30 (i) ~~the~~ The insurer; or

31 (ii) A holding company of the insurer formed for the
32 purpose of facilitating a demutualization transaction under this section
33 ~~within a designated reasonable period;~~ and

34 (B) A right to apply upon the purchase thereof to the
35 exercise of the preemptive right under subdivision (b)(5)(A) of this section



1 the amount of his or her equity in:

2 (i) the The insurer, as determined under subdivision
 3 (b)(3) of this section; or

4 (ii) A holding company of the insurer formed for the
 5 purpose of facilitating a demutualization transaction under this section as
 6 determined under subdivision (b)(3) of this section;

7
 8 SECTION 2. Arkansas Code § 23-69-141(b)(6), concerning the price at
 9 which stock is offered to policyholders and former policyholders, is amended
 10 to read as follows:

11 (6) Shares are ~~se~~ offered to participating policyholders or
 12 former policyholders at a price not greater than ~~to be thereafter offered to~~
 13 ~~others, but at not more than double the par value of the shares~~ the price
 14 offered to non-policyholders;

15
 16 SECTION 3. Arkansas Code § 23-69-141(b)(7), concerning the payment of
 17 cash or stock to parties to a demutualization of a mutual insurance company,
 18 is amended to read as follows:

19 (7)(A) The plan provides for a cash payment to each policyholder
 20 or former policyholder not electing to apply his or her equity ~~in the insurer~~
 21 ~~for or upon the purchase price of stock to which preemptively entitled, of~~
 22 ~~cash in the amount of~~ to the purchase of stock under subdivision (b)(5) of
 23 this section.

24 (B) The cash payment shall:

25 (i) Be not less than fifty percent (50%) of the
 26 amount of his or her equity the equity of the policyholder or former
 27 policyholder not ~~se~~ used for the purchase of stock; and

28 (ii) The cash payment, together Together with the
 29 stock se purchased under subdivision (b)(5) of this section, if any, shall
 30 constitute full payment and discharge of the policyholder's or former
 31 policyholder's equity as an owner of the mutual insurer; and

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 33 APPROVED: 1/29/2007