

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.

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
36 the amount of his or her equity in;



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

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

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

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

14
 15 SECTION 3. Arkansas Code § 23-69-141(b)(7), concerning the payment of
 16 cash or stock to parties to a demutualization of a mutual insurance company,
 17 is amended to read as follows:

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

23 (B) The cash payment shall:

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

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

31
 32
 33
 34
 35
 36