

1 **SENATE FLOOR VERSION**

2 April 2, 2024

3 ENGROSSED HOUSE
4 BILL NO. 3090

By: Tedford of the House

and

5 Coleman of the Senate
6
7

8 An Act relating to insurance; providing definitions;
9 providing the effect of reorganization; stating that
10 the converting mutual insurer becomes a converted
11 stock insurer; requiring certain filings; directing
12 the Insurance Commissioner to make certain amendment;
13 describing certain conversion; clarifying membership
14 of the mutual holding company; directing for the
15 acquisition and retention of certain shares of stock;
16 directing for continuation of corporate existence of
17 converting mutual insurer; directing that certain
18 intermediate stock holding companies be incorporated;
19 permitting certain issuances to certain third
20 parties; directing who shall serve as directors and
21 officers; permitting domestic mutual insurers under
22 certain circumstances to engage in conversion;
23 requiring mutual insurer to make certain filings
24 before seeking approval of plan; directing the
Insurance Commissioner to approve or disapprove plan
following certain procedure; permitting board to make
amendments or withdraw plan; providing requirements
for approval by eligible members of the converting
mutual insurer; mandating that the plan shall be
carried out; clarifying that certain information and
documents are confidential except in certain
circumstance; providing required contents of plan of
reorganization of a domestic mutual insurer;
directing the Insurance Commissioner to review plan
of reorganization; directing the Insurance
Commissioner to approve plan if certain findings are
made; directing the Insurance Commissioner to gauge
certain effects of merger; setting time frame for
expiration of approval of plan; permitting Insurance
Commissioner to retain certain experts; permitting

1 Insurance Commissioner to hold hearing; clarifying
2 that a mutual holding company is not an insurer;
3 prohibiting dissolution without certain approval;
4 stating that Insurance Commissioner retains certain
5 jurisdiction; clarifying that members have certain
6 rights and obligations; prohibiting transfer of
7 certain membership and rights; clarifying members are
8 not personally liable; prohibiting certain
9 assessment; clarifying assessment; clarifying
10 membership does not constitute a security;
11 establishing voting rights of members; directing that
12 meetings of members be governed in same manner as
13 domestic mutual insurer; providing required
14 provisions for the articles of incorporation of a
15 mutual holding company; directing that mutual holding
16 company be party to certain rehabilitation or
17 liquidation proceedings; permitting for concurrent
18 reorganization of domestic mutual insurer with one or
19 more mutual insurers; permitting certain
20 reorganization of certain converting companies;
21 clarifying that a mutual holding company is
22 considered an insurer; establishing that a mutual
23 holding company is party to certain proceedings;
24 prohibiting certain dissolution or liquidation;
permitting certain conversion; directing that the
Insurance Commissioner review certain plan;
permitting Insurance Commissioner to make certain
requirements; permitting the retention of qualified
expert; establishing Insurance Commissioner's
jurisdiction over certain mutual holding companies;
directing that certain mutual holding companies
follow certain organization guidelines; clarifying
that certain articles and amendments are subject to
approval of Insurance Commissioner; clarifying that
certain interests become interests in the mutual
holding company; clarifying that certain members
become members of the mutual holding company;
establishing that certain membership interest does
not constitute security; providing definitions;
directing issuance of certain initial shares of
capital stock; directing that mutual holding company
own majority of certain voting shares of capital
stock; permitting certain indirect ownership;
prohibiting certain actions by mutual holding company
or intermediate holding company; providing process
for certain violation; providing procedure for
approved reorganization of foreign mutual insurance

1 companies; permitting foreign mutual insurance
2 companies to remain foreign; permitting foreign
3 mutual insurance companies to redomesticate;
4 providing for codification; and providing an
5 effective date.

6 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

7 SECTION 1. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 660.1 of Title 36, unless there
9 is created a duplication in numbering, reads as follows:

10 As used in this act, unless the context otherwise requires:

11 1. "Board" means the board of directors of a converting mutual
12 insurer;

13 2. "Conversion" means a process by which a domestic mutual
14 insurer is converted to a domestic stock insurer as part of a
15 reorganization;

16 3. "Converted stock insurer" means a domestic stock insurer
17 into which a domestic mutual insurer is converted as part of a
18 reorganization;

19 4. "Converting mutual insurer" means a domestic mutual insurer
20 that is converting to a domestic stock insurer as part of a
21 reorganization;

22 5. "Effective date" means, with respect to a plan, the date on
23 which the plan or a part of the plan becomes effective as set forth
24 in an order of the Oklahoma Insurance Commissioner;

1 6. "Eligible member" means a member of the converting mutual
2 insurer whose insurance policy is in force as of the date on which
3 the board adopts the plan of reorganization or on some other date
4 that the plan specifies as the record date and that the Insurance
5 Commissioner approves;

6 7. "Intermediate stock holding company" means a corporation
7 that satisfies all of the following:

- 8 a. the corporation was incorporated under Title 18 of the
9 Oklahoma Statutes,
- 10 b. a mutual holding company holds directly or indirectly
11 at least a majority of the corporation's voting stock,
12 and
- 13 c. the corporation holds directly or indirectly at least
14 a majority of the voting stock of a converted stock
15 insurer;

16 8. "Member" means:

- 17 a. with respect to a domestic mutual insurer, a member as
18 described in Section 2115 of Title 36 of the Oklahoma
19 Statutes, or
- 20 b. with respect to a mutual holding company, any holder
21 of one or more policies of insurance, other than a
22 policy of reinsurance, issued by the converted stock
23 insurer resulting from a reorganization involving the
24 organization of a mutual holding company and, if

1 permitted under the articles of incorporation or
2 bylaws of the mutual holding company, may include any
3 holder of one or more policies of insurance, other
4 than a policy of reinsurance, issued by any other
5 insurer that is a direct or indirect subsidiary or
6 affiliate of the mutual holding company;

7 9. "Membership interest" means:

8 a. with respect to a converting mutual insurer, a member
9 of a domestic mutual insurer shall have the same
10 character of rights and relationship as a stockholder
11 has toward a domestic stock insurer, with respect to
12 the management, records, and affairs of the insurer,
13 or

14 b. with respect to a mutual holding company on and after
15 the effective date of the plan, any right that a
16 member of the mutual holding company may hold by
17 virtue of membership in the mutual holding company
18 arising under the articles of incorporation and bylaws
19 of the mutual holding company, including the right to
20 vote for the board;

21 10. "Mutual holding company" means a corporation that is formed
22 and existing under the laws of this state and pursuant to the
23 reorganization of a mutual insurance company;

24 11. "Plan" means a plan of reorganization;

1 12. "Reorganization" means a process by which a domestic mutual
2 insurer is converted to a domestic stock insurer and a mutual
3 holding company is organized; and

4 13. "Voting stock" means:

5 a. stock of any class or any percentage ownership
6 interest having voting power for the election of
7 directors, trustees or management, and

8 b. includes stock having voting power only by reason of
9 the happening of a contingency.

10 SECTION 2. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 660.2 of Title 36, unless there
12 is created a duplication in numbering, reads as follows:

13 A. On the effective date of a plan of reorganization, all of
14 the following occur:

15 1. The converting mutual insurer becomes a converted stock
16 insurer. The amended or restated articles of incorporation and
17 bylaws of the converting mutual insurer shall be filed with the
18 Oklahoma Insurance Commissioner as part of the plan and shall become
19 effective on the effective date of the conversion. The Insurance
20 Commissioner shall amend the certificate of authority of the
21 converting mutual insurer on the effective date of the conversion;

22 2. All membership interests and rights in surplus of the
23 converting mutual insurer are extinguished and the members of the
24 converting mutual insurer become members of the mutual holding

1 company in accordance with this act and the articles of
2 incorporation and bylaws of the mutual holding company;

3 3. Any owner of one or more policies of insurance, other than a
4 policy of reinsurance, issued by the converted stock insurer after
5 the effective date of the conversion and, if permitted under the
6 articles of incorporation or bylaws of the mutual holding company,
7 any holder of one or more policies of insurance, other than a policy
8 of reinsurance, issued by any other insurer that is a direct or
9 indirect subsidiary or affiliate of the mutual holding company after
10 the effective date of the reorganization becomes a member of the
11 mutual holding company;

12 4. The mutual holding company or, if created, an intermediate
13 stock holding company acquires and shall retain all shares of the
14 voting stock of the converted stock insurer;

15 5. The mutual holding company acquires and shall retain all
16 shares of the voting stock of any intermediate stock holding
17 company; and

18 6. A converted stock insurer continues the corporate existence
19 of the converting mutual insurer. Except as provided in the plan,
20 the conversion does not annul, modify or change any existing license
21 or other authority or any of the existing civil actions, rights,
22 contracts or liabilities of the converting mutual insurer. The
23 converted stock insurer retains all property, debts and choices in
24 action and every other interest belonging to the converting mutual

1 insurer before the conversion without further action needed. On and
2 after the effective date of the conversion, the converted stock
3 insurer may exercise all rights and powers conferred and shall
4 perform all duties imposed by law on insurers writing the classes of
5 insurance written by the converted stock insurer, shall retain the
6 rights and contracts of the converting mutual insurer existing
7 immediately before the conversion and shall be subject to all
8 obligations and liabilities of the converting mutual insurer
9 existing immediately before the conversion, subject to the terms of
10 the plan.

11 B. Any intermediate stock holding company created at the time
12 of reorganization to hold the stock of the converting mutual insurer
13 shall be incorporated under Title 18 of the Oklahoma Statutes and
14 may engage in any business or activity permitted by Title 18 of the
15 Oklahoma Statutes.

16 C. The converted stock insurer and any intermediate stock
17 holding company may issue to third parties debt securities, stock
18 other than voting stock, and voting stock if all of the following
19 apply:

20 1. No shares of stock representing a majority of the voting
21 power of all issued and outstanding voting stock of either the
22 converted stock insurer or the intermediate stock holding company,
23 if any, are issued to third parties; and
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1 2. A majority of the voting stock of the converted stock
2 insurance company is at all times owned by the mutual holding
3 company or by the intermediate stock holding company, a majority of
4 whose voting stock is held by the mutual holding company, and such
5 majority interest in the converted stock insurance company and any
6 intermediate stock holding company is not conveyed, transferred,
7 assigned, pledged, subjected to a security interest or lien, placed
8 in a voting trust, encumbered or otherwise hypothecated or alienated
9 by the mutual holding company or by the intermediate stock holding
10 company. Any conveyance, transfer, assignment, pledge, security
11 interest, lien, placement in a voting trust, encumbrance or
12 hypothecation or alienation of, in or on a majority of the voting
13 shares of the converted stock insurer or the intermediate stock
14 holding company in violation of this paragraph is void in inverse
15 chronological order as to the shares necessary to constitute a
16 majority of such voting stock.

17 D. Unless otherwise specified in the plan, the directors and
18 officers of the converting mutual insurer shall serve as directors
19 and officers of the mutual holding company, any intermediate stock
20 holding company and the converted stock insurer until new directors
21 and officers are elected.

22 SECTION 3. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 660.3 of Title 36, unless there
24 is created a duplication in numbering, reads as follows:

1 A. A domestic mutual insurer may engage in a conversion as part
2 of a reorganization as a mutual holding company, only if the board
3 passes a resolution that the reorganization is fair and equitable to
4 the policyholders and adopts a plan that meets the requirements of
5 this act.

6 B. After the board has adopted a plan and before the board
7 seeks approval of the plan by the eligible members of the converting
8 mutual insurer, the converting mutual insurer shall file the
9 following documents with the Oklahoma Insurance Commissioner:

10 1. The plan of reorganization;

11 2. The form of notice of the meeting at which the eligible
12 members vote on the plan;

13 3. The form of any proxies to be solicited from the eligible
14 members. Proxies must offer the eligible members the option of
15 voting in favor of or voting against the plan or abstaining from
16 voting;

17 4. Information required by the converting mutual insurer's
18 bylaws; and

19 5. Other information or documentation required by the
20 Commissioner.

21 C. The Commissioner shall approve or disapprove a plan and
22 other documents submitted under subsection B of this section and as
23 prescribed in Section 5 of this act. The Commissioner must approve
24 or disapprove the plan within sixty (60) days after the Commissioner

1 receives a completed filing of the plan and all information
2 requested by the Commissioner or within sixty (60) days after the
3 completion of a hearing on the plan, whichever date is later.

4 D. At any time before the Commissioner approves a plan, the
5 board may amend or withdraw the plan.

6 E. After the Commissioner approves a plan, the eligible members
7 of the converting mutual insurer must approve the plan. Approval by
8 the eligible members is subject to the following requirements:

9 1. All eligible members must be given notice of the plan and of
10 their opportunity to vote on the plan. A copy of the plan or a
11 summary of the plan must accompany the notice. The notice shall be
12 mailed to the last known address of each eligible member, as shown
13 on the records of the converting mutual insurer, within forty-five
14 (45) days after the Commissioner approves the plan. The meeting of
15 the eligible members at which a vote on the plan will occur shall be
16 set for a date that is not earlier than the thirtieth day after the
17 date on which the mutual insurer mailed the notice of the meeting.
18 If the converting mutual insurer complies substantially and in good
19 faith with the notice requirements of this paragraph, the converting
20 mutual insurer's failure to give any member or members any required
21 notice does not impair the validity of any action taken under this
22 section; and
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1 2. The vote required for approval must be conducted in
2 accordance with the converting mutual insurer's bylaws, except as
3 follows:

- 4 a. only eligible members may vote on the plan,
- 5 b. an eligible member may vote in person or by proxy at
6 the meeting at which the plan is voted on, and
- 7 c. the plan is approved by the eligible members on the
8 affirmative vote of two-thirds (2/3) or more of the
9 eligible members voting on the plan, unless the bylaws
10 require a greater number of affirmative votes. The
11 converting mutual insurer shall file with the
12 Commissioner a certification that the plan of
13 reorganization has been duly adopted by a vote of at
14 least two-thirds (2/3) of the eligible members.

15 F. The plan shall be carried out in accordance with its terms
16 on the effective date of the reorganization.

17 G. Except as otherwise provided in this section, all
18 information and documents obtained by or disclosed to the
19 Commissioner or any other person in the course of preparing, filing
20 and processing an application to reorganize, other than information
21 and documents distributed to policyholders or filed and submitted as
22 evidence in connection with a public hearing held pursuant to
23 Section 5 of this act, are confidential and not subject to subpoena
24 and shall not be made public except to insurance departments of

1 other states, with the prior written consent of the insurer to which
2 such information and documents pertain.

3 SECTION 4. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 660.4 of Title 36, unless there
5 is created a duplication in numbering, reads as follows:

6 A plan of reorganization of a domestic mutual insurer shall
7 include all of the following:

8 1. A statement of the reasons for the proposed action;

9 2. A description of how the plan will be carried out, including
10 any transaction included within the plan and a description of any
11 mutual holding company, intermediate stock holding company or other
12 corporation organized pursuant to the plan;

13 3. A description of all significant terms of the
14 reorganization;

15 4. New or revised intercompany agreements;

16 5. A description of the overall effect of the plan on policies
17 issued by the converting mutual insurer. The description must show
18 that policyholder interests collectively are properly preserved and
19 protected and that the plan is fair and equitable to the
20 policyholders;

21 6. The record date for determining whether a member of the
22 converting mutual insurer is an eligible member;

1 7. The proposed effective date of the reorganization or the
2 manner in which the proposed effective date of the reorganization is
3 established;

4 8. The proposed amendments to or restatement of the articles of
5 incorporation and bylaws of the converting mutual insurer and the
6 proposed articles of incorporation and bylaws of any mutual holding
7 company, intermediate stock holding company or other corporation
8 organized pursuant to the plan;

9 9. A description of any plans for the initial sale of voting
10 stock to third parties by the converted stock insurer or any
11 intermediate stockholding company, or a statement that the converted
12 stock insurer or intermediate stock holding company has no current
13 plans for the sale of voting stock;

14 10. The intention, if any, that a director or officer of the
15 converting mutual insurer, mutual holding company, intermediate
16 stock holding company or other corporation organized pursuant to the
17 plan, within the six-month period following the effective date of
18 the conversion or reorganization, may purchase or acquire shares of
19 capital stock or other securities of an issuer to be issued pursuant
20 to the plan; and

21 11. A provision that all policies in force on the effective
22 date of the conversion or reorganization will remain in force under
23 the terms of those policies and that on the effective date of the
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1 reorganization, any voting rights of the members provided for under
2 the policies or under this title are extinguished.

3 SECTION 5. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 660.5 of Title 36, unless there
5 is created a duplication in numbering, reads as follows:

6 A. The Oklahoma Insurance Commissioner shall review a plan of
7 reorganization that is submitted to the Commissioner. On review,
8 the Commissioner shall approve the plan if the Commissioner finds
9 all of the following:

10 1. The applicable provisions of this act, and other applicable
11 provisions of law, have been fully met;

12 2. The plan protects the rights of policyholders;

13 3. The plan is fair and equitable to the members and the plan
14 does not prejudice the interests of the members;

15 4. The converted stock insurer has capital or surplus, or any
16 combination thereof, that is required of a domestic stock insurer on
17 initial authorization to transact like kinds of insurance, and
18 otherwise is able to satisfy the requirements of this state for
19 transacting its insurance business;

20 5. The plan does not substantially reduce the security of the
21 policyholders and the service to be rendered to the policyholders;

22 6. The financial condition of the mutual holding company or any
23 subsidiary of the mutual holding company does not jeopardize the
24 financial stability of the converted stock insurer;

1 7. The financial condition of the converting mutual insurer is
2 not jeopardized by the conversion or reorganization, and the
3 conversion or reorganization does not jeopardize the financial
4 stability of the mutual holding company or any subsidiary of the
5 mutual holding company; and

6 8. The competence, experience and integrity of those persons
7 who control the operation of the converted stock insurer are not
8 contrary to the interests of policyholders of the converted stock
9 insurer and of the public in allowing the plan to proceed.

10 B. To the extent the plan contains a provision that allows for
11 the acquisition or merger of other insurance companies, the
12 Commissioner shall gauge the effect of the merger or other
13 acquisition of control and whether it would substantially lessen
14 competition in the insurance industry in this state or tend to
15 create a monopoly. The Commissioner shall not approve a plan that
16 fails to meet this standard.

17 C. An approval of a plan by the Commissioner expires if the
18 plan is not carried out within one (1) year after the date of the
19 approval, unless the Commissioner extends the time period for good
20 cause on written application for such extension.

21 D. The Commissioner may retain, at the expense of the
22 converting mutual insurer, qualified experts not otherwise a part of
23 the staff of the Department to assist in reviewing the plan and
24 supplemental documents.

1 E. The Commissioner may hold a hearing for the purposes of
2 receiving comments on whether a plan should be approved and on any
3 other matter relating to the reorganization. The hearing, if held,
4 shall be held within sixty (60) days after the Commissioner receives
5 a completed filing of the plan and all information required by the
6 Commissioner.

7 SECTION 6. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 660.6 of Title 36, unless there
9 is created a duplication in numbering, reads as follows:

10 A. A mutual holding company is not an insurer for the purposes
11 of this act.

12 B. A mutual holding company may not dissolve or liquidate
13 without approval by the Oklahoma Insurance Commissioner or unless
14 required by judicial order. The Commissioner retains jurisdiction
15 over a mutual holding company, any intermediate stock holding
16 company, and any subsidiary of an intermediate stock holding company
17 as provided in this act.

18 C. The members of a mutual holding company have the rights and
19 obligations set forth in this act and in the articles of
20 incorporation and bylaws of the mutual holding company. A member of
21 a mutual holding company may not transfer membership in the mutual
22 holding company or any right arising from such membership. Such
23 limitation on the transfer of membership or rights arising from
24 membership does not restrict the assignment of a policy that is

1 otherwise permissible. A member of a mutual holding company is not
2 personally liable for the acts, debts, liabilities or obligations of
3 the mutual holding company merely by reason of being a member. An
4 assessment of any kind may not be imposed on a member of a mutual
5 holding company. Any premium due under an insurance policy or
6 contract issued to a member of a mutual holding company is not
7 considered an assessment.

8 D. A membership interest in a mutual holding company does not
9 constitute a security.

10 E. Each member of a mutual holding company is entitled to one
11 vote on each matter coming before a meeting of the members and for
12 each director to be elected regardless of the number of policies or
13 amount of insurance and benefits held by such member. The mutual
14 holding company's bylaws shall set forth the voting rights of the
15 members of a mutual holding company.

16 F. Meetings of the members of a mutual holding company shall be
17 governed in the same manner as if the mutual holding company were a
18 domestic mutual insurer, including provisions governing quorum
19 requirements, the approval of matters by the members and the
20 election of directors by the members.

21 G. The articles of incorporation of a mutual holding company
22 shall contain all the following provisions:

23 1. The name of the mutual holding company. The name shall
24 include the words "mutual holding company" or "mutual insurance

1 holding company" or other words connoting the mutual character of
2 the mutual holding company that are approved by the Commissioner;

3 2. A provision specifying that the mutual holding company is
4 not authorized to issue capital stock, whether voting or nonvoting;
5 and

6 3. A provision setting forth any rights of the members of the
7 mutual holding company on dissolution or liquidation.

8 H. A mutual holding company shall automatically be a party to
9 any rehabilitation or liquidation proceeding involving the converted
10 stock insurer that, as a result of a reorganization, is a direct or
11 indirect subsidiary of the mutual holding company. In such a
12 proceeding, the assets of the mutual holding company shall be
13 counted as assets of the estate of the converted stock insurer for
14 the purpose of satisfying the claims of the policyholders of the
15 converted stock insurer.

16 SECTION 7. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 660.7 of Title 36, unless there
18 is created a duplication in numbering, reads as follows:

19 The concurrent reorganization of a domestic mutual insurer with
20 one or more mutual insurers, domestic or foreign, into a single
21 mutual insurance holding company, whether domestic or foreign, may
22 be accomplished by a joint application and a joint plan of
23 reorganization and may be approved by the Oklahoma Insurance
24 Commissioner by complying with the requirements of this act. The

1 Commissioner may determine that such other procedures are
2 unnecessary to avoid duplicative costs and efforts in satisfying the
3 requirements of this act and effectuating the reorganization.

4 SECTION 8. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 660.8 of Title 36, unless there
6 is created a duplication in numbering, reads as follows:

7 A. A converting company, on approval by the Oklahoma Insurance
8 Commissioner, may reorganize by forming a holding company based on a
9 mutual plan and continuing the corporate existence of the converting
10 company as a stock insurance company.

11 B. A mutual holding company is automatically a party to an
12 administrative proceeding under Oklahoma Statute involving an
13 insurance company that, as a result of a reorganization under this
14 act, is a subsidiary of the mutual holding company. In a proceeding
15 involving the resulting company, the assets of the mutual holding
16 company are considered assets of the resulting company for purposes
17 of satisfying the claims of the resulting company's policyholders.

18 C. A mutual holding company may not dissolve or liquidate
19 without the approval of the Commissioner.

20 D. A mutual holding company may convert to a stock holding
21 company under this act as if the mutual holding company were a
22 mutual insurance company.

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1 SECTION 9. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 660.9 of Title 36, unless there
3 is created a duplication in numbering, reads as follows:

4 A. The Oklahoma Insurance Commissioner shall review the
5 proposed plan of reorganization as an alternate conversion plan.
6 The Commissioner may require as a condition of approval
7 modifications of the proposed plan of reorganization that the
8 Commissioner determines necessary to protect the members' interests.

9 B. The Commissioner may retain at the mutual insurance
10 company's expense, a qualified expert who is not a member of the
11 Commissioner's staff to assist the Commissioner in reviewing the
12 conversion plan and the valuation. If the Commissioner retains a
13 qualified expert under this subsection, the Commissioner may extend
14 the period for decision by an additional sixty (60) days beyond the
15 initial sixty-day period.

16 C. The Commissioner has jurisdiction over a mutual holding
17 company organized under this act to ensure that member interests are
18 protected.

19 SECTION 10. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 660.10 of Title 36, unless there
21 is created a duplication in numbering, reads as follows:

22 A mutual holding company that results from the reorganization of
23 a domestic mutual insurance company organized under this act must be
24 organized in accordance with Title 18 of the Oklahoma Statutes. The

1 articles of incorporation, and any amendments to those articles, of
2 the mutual holding company are subject to approval of the Oklahoma
3 Insurance Commissioner in the same manner as those of a mutual
4 insurance company.

5 SECTION 11. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 660.11 of Title 36, unless there
7 is created a duplication in numbering, reads as follows:

8 A. The membership interests of the policyholders of the
9 resulting company become membership interests in the mutual holding
10 company. Eligible members of the converting company become members
11 of the mutual holding company in accordance with the articles of
12 incorporation and bylaws of the mutual holding company.

13 B. A membership interest in a mutual holding company does not
14 constitute a security, defined as:

- 15 1. A limited partner interest in a limited partnership;
- 16 2. A share;
- 17 3. A stock;
- 18 4. A treasury stock;
- 19 5. A stock certificate under a voting trust agreement;
- 20 6. A collateral trust certificate;
- 21 7. An equipment trust certificate;
- 22 8. A preorganization certificate or receipt;
- 23 9. A subscription or reorganization certificate;

1 10. A note, bond, debenture, mortgage certificate, or other
2 evidence of indebtedness;

3 11. Any form of commercial paper;

4 12. A certificate in or under a profit-sharing or participation
5 agreement;

6 13. A certificate or instrument representing an interest in or
7 under an oil, gas, or mining lease, fee, or title;

8 14. A certificate or instrument representing or secured by an
9 interest in any of the capital, property, assets, profits, or
10 earnings of a company;

11 15. An investment contract; and

12 16. Any other instrument commonly known as a security,
13 regardless of whether the instrument is similar to another
14 instrument listed in this subsection.

15 This applies regardless of whether the security is evidenced by
16 a written instrument. This definition does not include an insurance
17 policy, endowment policy, annuity contract, or optional annuity
18 contract, or any contract or agreement in relation to and in
19 consequence of any such policy or contract, issued by an insurance
20 company subject to the supervision or control of the Oklahoma
21 Insurance Department when the form of such policy or contract has
22 been filed with the Department as required by law.

1 SECTION 12. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 660.12 of Title 36, unless there
3 is created a duplication in numbering, reads as follows:

4 A. As used in this section:

5 1. "Intermediate holding company" means a holding company that:

6 a. is a subsidiary of a mutual holding company formed to
7 reorganize a mutual insurance company, and

8 b. directly or through a subsidiary intermediate holding
9 company, owns the resulting company; and

10 2. "Majority of the voting shares of the capital stock" means
11 shares of the capital stock of a company that carry the right to
12 cast a majority of the votes entitled to be cast by all of the
13 outstanding shares of the capital stock of the company on all
14 matters submitted to a vote of the shareholders of the company.

15 B. All of the initial shares of the capital stock of the
16 resulting company shall be issued to the mutual holding company.

17 C. The mutual holding company shall at all times own a majority
18 of the voting shares of the capital stock of the resulting company
19 or of an intermediate holding company established to hold the voting
20 shares of the resulting company. The requirements of this
21 subsection may be satisfied by indirect ownership through one or
22 more intermediate holding companies in a corporate structure
23 approved by the Oklahoma Insurance Commissioner.

1 D. The mutual holding company or intermediate holding company
2 may not convey, transfer, assign, pledge, subject to a security
3 interest or lien, encumber, or otherwise hypothecate or alienate the
4 majority of the voting shares of the capital stock that is required
5 to be owned under subsection C of this section.

6 E. A violation of subsection D of this section is void in
7 inverse chronological order from the date of the conveyance or
8 activity as to the shares necessary to constitute a majority of the
9 voting shares of the capital stock.

10 SECTION 13. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 660.13 of Title 36, unless there
12 is created a duplication in numbering, reads as follows:

13 A. On the approval of the Oklahoma Insurance Commissioner, a
14 foreign mutual insurance company may reorganize in compliance with
15 the requirements of any law or regulation applicable to the foreign
16 mutual insurance company by:

17 1. Transferring its members' membership interests into a mutual
18 holding company formed under a procedure analogous to that described
19 by this act; and

20 2. Continuing the corporate existence of the reorganizing
21 foreign mutual insurance company as a foreign stock insurance
22 company subsidiary of the mutual holding company.

23 B. The reorganizing foreign mutual insurance company may remain
24 a foreign company and may be admitted to do business in this state.

1 A foreign mutual insurance company may also redomesticate in this
2 state by complying with the applicable requirements of Section 606.1
3 of Title 36 of the Oklahoma Statutes.

4 SECTION 14. This act shall become effective November 1, 2024.

5 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT AND INSURANCE
6 April 2, 2024 - DO PASS
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