

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                                   STATE OF OKLAHOMA

3                                   2nd Session of the 59th Legislature (2024)

4 COMMITTEE SUBSTITUTE  
5 FOR  
6 HOUSE BILL NO. 3090

By: Tedford

7  
8                                   COMMITTEE SUBSTITUTE

9                   An Act relating to insurance; providing definitions;  
10                   providing the effect of reorganization; stating that  
11                   the converting mutual insurer becomes a converted  
12                   stock insurer; requiring certain filings; directing  
13                   the Insurance Commissioner to make certain amendment;  
14                   describing certain conversion; clarifying membership  
15                   of the mutual holding company; directing for the  
16                   acquisition and retention of certain shares of stock;  
17                   directing for continuation of corporate existence of  
18                   converting mutual insurer; directing that certain  
19                   intermediate stock holding companies be incorporated;  
20                   permitting certain issuances to certain third  
21                   parties; directing who shall serve as directors and  
22                   officers; permitting domestic mutual insurers under  
23                   certain circumstances to engage in conversion;  
24                   requiring mutual insurer to make certain filings  
                 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

1 expiration of approval of plan; permitting Insurance  
2 Commissioner to retain certain experts; permitting  
3 Insurance Commissioner to hold hearing; clarifying  
4 that a mutual holding company is not an insurer;  
5 prohibiting dissolution without certain approval;  
6 stating that Insurance Commissioner retains certain  
7 jurisdiction; clarifying that members have certain  
8 rights and obligations; prohibiting transfer of  
9 certain membership and rights; clarifying members are  
10 not personally liable; prohibiting certain  
11 assessment; clarifying assessment; clarifying  
12 membership does not constitute a security;  
13 establishing voting rights of members; directing that  
14 meetings of members be governed in same manner as  
15 domestic mutual insurer; providing required  
16 provisions for the articles of incorporation of a  
17 mutual holding company; directing that mutual holding  
18 company be party to certain rehabilitation or  
19 liquidation proceedings; permitting for concurrent  
20 reorganization of domestic mutual insurer with one or  
21 more mutual insurers; permitting certain  
22 reorganization of certain converting companies;  
23 clarifying that a mutual holding company is  
24 considered an insurer; establishing that a mutual  
holding company is party to certain proceedings;  
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

1 for certain violation; providing procedure for  
2 approved reorganization of foreign mutual insurance  
3 companies; permitting foreign mutual insurance  
4 companies to remain foreign; permitting foreign  
5 mutual insurance companies to redomesticate;  
6 providing for codification; and providing an  
7 effective date.

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

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

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

13 1. "Board" means the board of directors of a converting mutual  
14 insurer;

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

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

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

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

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

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

11           a. the corporation was incorporated under Title 18 of the  
12 Oklahoma Statutes,

13           b. a mutual holding company holds directly or indirectly  
14 at least a majority of the corporation's voting stock,  
15 and

16           c. the corporation holds directly or indirectly at least  
17 a majority of the voting stock of a converted stock  
18 insurer;

19       8. "Member" means:

20           a. with respect to a domestic mutual insurer, a member as  
21 described in Section 2115 of Title 36 of the Oklahoma  
22 Statutes, or

23           b. with respect to a mutual holding company, any holder  
24 of one or more policies of insurance, other than a

1 policy of reinsurance, issued by the converted stock  
2 insurer resulting from a reorganization involving the  
3 organization of a mutual holding company and, if  
4 permitted under the articles of incorporation or  
5 bylaws of the mutual holding company, may include any  
6 holder of one or more policies of insurance, other  
7 than a policy of reinsurance, issued by any other  
8 insurer that is a direct or indirect subsidiary or  
9 affiliate of the mutual holding company;

10 9. "Membership interest" means:

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

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

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

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

5 12. "Reorganization" means a process by which a domestic mutual  
6 insurer is converted to a domestic stock insurer and a mutual  
7 holding company is organized; and

8 13. "Voting stock" means:

9 a. stock of any class or any percentage ownership  
10 interest having voting power for the election of  
11 directors, trustees or management, and

12 b. includes stock having voting power only by reason of  
13 the happening of a contingency.

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

17 A. On the effective date of a plan of reorganization, all of  
18 the following occur:

19 1. The converting mutual insurer becomes a converted stock  
20 insurer. The amended or restated articles of incorporation and  
21 bylaws of the converting mutual insurer shall be filed with the  
22 Oklahoma Insurance Commissioner as part of the plan and shall become  
23 effective on the effective date of the conversion. The Insurance  
24

1 Commissioner shall amend the certificate of authority of the  
2 converting mutual insurer on the effective date of the conversion;

3 2. All membership interests and rights in surplus of the  
4 converting mutual insurer are extinguished and the members of the  
5 converting mutual insurer become members of the mutual holding  
6 company in accordance with this act and the articles of  
7 incorporation and bylaws of the mutual holding company;

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

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

20 5. The mutual holding company acquires and shall retain all  
21 shares of the voting stock of any intermediate stock holding  
22 company; and

23 6. A converted stock insurer continues the corporate existence  
24 of the converting mutual insurer. Except as provided in the plan,

1 the conversion does not annul, modify or change any existing license  
2 or other authority or any of the existing civil actions, rights,  
3 contracts or liabilities of the converting mutual insurer. The  
4 converted stock insurer retains all property, debts and choices in  
5 action and every other interest belonging to the converting mutual  
6 insurer before the conversion without further action needed. On and  
7 after the effective date of the conversion, the converted stock  
8 insurer may exercise all rights and powers conferred and shall  
9 perform all duties imposed by law on insurers writing the classes of  
10 insurance written by the converted stock insurer, shall retain the  
11 rights and contracts of the converting mutual insurer existing  
12 immediately before the conversion and shall be subject to all  
13 obligations and liabilities of the converting mutual insurer  
14 existing immediately before the conversion, subject to the terms of  
15 the plan.

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

21 C. The converted stock insurer and any intermediate stock  
22 holding company may issue to third parties debt securities, stock  
23 other than voting stock, and voting stock if all of the following  
24 apply:



1           1. No shares of stock representing a majority of the voting  
2 power of all issued and outstanding voting stock of either the  
3 converted stock insurer or the intermediate stock holding company,  
4 if any, are issued to third parties; and

5           2. A majority of the voting stock of the converted stock  
6 insurance company is at all times owned by the mutual holding  
7 company or by the intermediate stock holding company, a majority of  
8 whose voting stock is held by the mutual holding company, and such  
9 majority interest in the converted stock insurance company and any  
10 intermediate stock holding company is not conveyed, transferred,  
11 assigned, pledged, subjected to a security interest or lien, placed  
12 in a voting trust, encumbered or otherwise hypothecated or alienated  
13 by the mutual holding company or by the intermediate stock holding  
14 company. Any conveyance, transfer, assignment, pledge, security  
15 interest, lien, placement in a voting trust, encumbrance or  
16 hypothecation or alienation of, in or on a majority of the voting  
17 shares of the converted stock insurer or the intermediate stock  
18 holding company in violation of this paragraph is void in inverse  
19 chronological order as to the shares necessary to constitute a  
20 majority of such voting stock.

21           D. Unless otherwise specified in the plan, the directors and  
22 officers of the converting mutual insurer shall serve as directors  
23 and officers of the mutual holding company, any intermediate stock  
24

1 holding company and the converted stock insurer until new directors  
2 and officers are elected.

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

6 A. A domestic mutual insurer may engage in a conversion as part  
7 of a reorganization as a mutual holding company, only if the board  
8 passes a resolution that the reorganization is fair and equitable to  
9 the policyholders and adopts a plan that meets the requirements of  
10 this act.

11 B. After the board has adopted a plan and before the board  
12 seeks approval of the plan by the eligible members of the converting  
13 mutual insurer, the converting mutual insurer shall file the  
14 following documents with the Oklahoma Insurance Commissioner:

- 15 1. The plan of reorganization;
- 16 2. The form of notice of the meeting at which the eligible  
17 members vote on the plan;
- 18 3. The form of any proxies to be solicited from the eligible  
19 members. Proxies must offer the eligible members the option of  
20 voting in favor of or voting against the plan or abstaining from  
21 voting;
- 22 4. Information required by the converting mutual insurer's  
23 bylaws; and

24

1           5. Other information or documentation required by the  
2 Commissioner.

3           C. The Commissioner shall approve or disapprove a plan and  
4 other documents submitted under subsection B of this section and as  
5 prescribed in Section 5 of this act. The Commissioner must approve  
6 or disapprove the plan within sixty (60) days after the Commissioner  
7 receives a completed filing of the plan and all information  
8 requested by the Commissioner or within sixty (60) days after the  
9 completion of a hearing on the plan, whichever date is later.

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

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

15           1. All eligible members must be given notice of the plan and of  
16 their opportunity to vote on the plan. A copy of the plan or a  
17 summary of the plan must accompany the notice. The notice shall be  
18 mailed to the last known address of each eligible member, as shown  
19 on the records of the converting mutual insurer, within forty-five  
20 (45) days after the Commissioner approves the plan. The meeting of  
21 the eligible members at which a vote on the plan will occur shall be  
22 set for a date that is not earlier than the thirtieth day after the  
23 date on which the mutual insurer mailed the notice of the meeting.  
24 If the converting mutual insurer complies substantially and in good

1 faith with the notice requirements of this paragraph, the converting  
2 mutual insurer's failure to give any member or members any required  
3 notice does not impair the validity of any action taken under this  
4 section; and

5 2. The vote required for approval must be conducted in  
6 accordance with the converting mutual insurer's bylaws, except as  
7 follows:

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

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

21 G. Except as otherwise provided in this section, all  
22 information and documents obtained by or disclosed to the  
23 Commissioner or any other person in the course of preparing, filing  
24 and processing an application to reorganize, other than information

1 and documents distributed to policyholders or filed and submitted as  
2 evidence in connection with a public hearing held pursuant to  
3 Section 5 of this act, are confidential and not subject to subpoena  
4 and shall not be made public except to insurance departments of  
5 other states, with the prior written consent of the insurer to which  
6 such information and documents pertain.

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

10 A plan of reorganization of a domestic mutual insurer shall  
11 include all of the following:

- 12 1. A statement of the reasons for the proposed action;
- 13 2. A description of how the plan will be carried out, including  
14 any transaction included within the plan and a description of any  
15 mutual holding company, intermediate stock holding company or other  
16 corporation organized pursuant to the plan;
- 17 3. A description of all significant terms of the  
18 reorganization;
- 19 4. New or revised intercompany agreements;
- 20 5. A description of the overall effect of the plan on policies  
21 issued by the converting mutual insurer. The description must show  
22 that policyholder interests collectively are properly preserved and  
23 protected and that the plan is fair and equitable to the  
24 policyholders;

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

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

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

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

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

23           11. A provision that all policies in force on the effective  
24 date of the conversion or reorganization will remain in force under

1 the terms of those policies and that on the effective date of the  
2 reorganization, any voting rights of the members provided for under  
3 the policies or under this title are extinguished.

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

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

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

13 2. The plan protects the rights of policyholders;

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

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

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

23

24

1           6. The financial condition of the mutual holding company or any  
2 subsidiary of the mutual holding company does not jeopardize the  
3 financial stability of the converted stock insurer;

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

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

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

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



1 D. The Commissioner may retain, at the expense of the  
2 converting mutual insurer, qualified experts not otherwise a part of  
3 the staff of the Department to assist in reviewing the plan and  
4 supplemental documents.

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

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

14 A. A mutual holding company is not an insurer for the purposes  
15 of this act.

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

22 C. The members of a mutual holding company have the rights and  
23 obligations set forth in this act and in the articles of  
24 incorporation and bylaws of the mutual holding company. A member of

1 a mutual holding company may not transfer membership in the mutual  
2 holding company or any right arising from such membership. Such  
3 limitation on the transfer of membership or rights arising from  
4 membership does not restrict the assignment of a policy that is  
5 otherwise permissible. A member of a mutual holding company is not  
6 personally liable for the acts, debts, liabilities or obligations of  
7 the mutual holding company merely by reason of being a member. An  
8 assessment of any kind may not be imposed on a member of a mutual  
9 holding company. Any premium due under an insurance policy or  
10 contract issued to a member of a mutual holding company is not  
11 considered an assessment.

12 D. A membership interest in a mutual holding company does not  
13 constitute a security.

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

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

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

3 1. The name of the mutual holding company. The name shall  
4 include the words "mutual holding company" or "mutual insurance  
5 holding company" or other words connoting the mutual character of  
6 the mutual holding company that are approved by the Commissioner;

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

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

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

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

23 The concurrent reorganization of a domestic mutual insurer with  
24 one or more mutual insurers, domestic or foreign, into a single

1 mutual insurance holding company, whether domestic or foreign, may  
2 be accomplished by a joint application and a joint plan of  
3 reorganization and may be approved by the Oklahoma Insurance  
4 Commissioner by complying with the requirements of this act. The  
5 Commissioner may determine that such other procedures are  
6 unnecessary to avoid duplicative costs and efforts in satisfying the  
7 requirements of this act and effectuating the reorganization.

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

11 A. A converting company, on approval by the Oklahoma Insurance  
12 Commissioner, may reorganize by forming a holding company based on a  
13 mutual plan and continuing the corporate existence of the converting  
14 company as a stock insurance company.

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

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

1 D. A mutual holding company may convert to a stock holding  
2 company under this act as if the mutual holding company were a  
3 mutual insurance company.

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

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

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

19 C. The Commissioner has jurisdiction over a mutual holding  
20 company organized under this act to ensure that member interests are  
21 protected.

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

1 A mutual holding company that results from the reorganization of  
2 a domestic mutual insurance company organized under this act must be  
3 organized in accordance with Title 18 of the Oklahoma Statutes. The  
4 articles of incorporation, and any amendments to those articles, of  
5 the mutual holding company are subject to approval of the Oklahoma  
6 Insurance Commissioner in the same manner as those of a mutual  
7 insurance company.

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

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

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

- 18 1. A limited partner interest in a limited partnership;
- 19 2. A share;
- 20 3. A stock;
- 21 4. A treasury stock;
- 22 5. A stock certificate under a voting trust agreement;
- 23 6. A collateral trust certificate;
- 24 7. An equipment trust certificate;

- 1 8. A preorganization certificate or receipt;
- 2 9. A subscription or reorganization certificate;
- 3 10. A note, bond, debenture, mortgage certificate, or other  
4 evidence of indebtedness;
- 5 11. Any form of commercial paper;
- 6 12. A certificate in or under a profit sharing or participation  
7 agreement;
- 8 13. A certificate or instrument representing an interest in or  
9 under an oil, gas, or mining lease, fee, or title;
- 10 14. A certificate or instrument representing or secured by an  
11 interest in any of the capital, property, assets, profits, or  
12 earnings of a company;
- 13 15. An investment contract; and
- 14 16. Any other instrument commonly known as a security,  
15 regardless of whether the instrument is similar to another  
16 instrument listed in this subsection.

17 This applies regardless of whether the security is evidenced by  
18 a written instrument. This definition does not include an insurance  
19 policy, endowment policy, annuity contract, or optional annuity  
20 contract, or any contract or agreement in relation to and in  
21 consequence of any such policy or contract, issued by an insurance  
22 company subject to the supervision or control of the Oklahoma  
23 Insurance Department when the form of such policy or contract has  
24 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.

24



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.

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6 COMMITTEE REPORT BY: COMMITTEE ON INSURANCE, dated 02/12/2024 - DO  
7 PASS, As Amended.  
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