

304.24-603 Amendment of articles of incorporation -- Plan of conversion.

- (1) The board of directors of the converting mutual shall adopt a resolution proposing the amendment of its articles of incorporation in accordance with KRS 304.24-080 and proposing a plan of conversion.
- (2) The plan of conversion shall:
 - (a) Describe the manner in which the proposed conversion shall occur and the insurer and any other business entity that will result from or be directly affected by the conversion, including the former mutual and any affiliate;
 - (b) Provide that the membership interests in the converting mutual shall be extinguished as of the effective date of the conversion;
 - (c) Require the fair and equitable distribution of aggregate consideration to the eligible members, upon the extinguishing of their membership interests, which shall be equal to the fair value of the converting mutual as determined under a fair formula:
 1. Describe the manner in which the fair value of the converting mutual shall be determined or established;
 2. Describe the form or forms of consideration that shall be distributed to the eligible members; and
 3. Specify relevant classes, categories, or groups of eligible members, and describe the method or formula that shall be used for the equitable allocation of the aggregate consideration among the eligible members;
 - (d) Provide for the determination and preservation of the reasonable dividend expectations of eligible members and other policyholders with policies that provide for the distribution of policy dividends that shall be implemented through establishment of a closed block or other method acceptable to the commissioner in compliance with KRS 304.24-600 to 304.24-625;
 - (e) Specify the effective date of the plan of conversion and distributions to eligible members; and
 - (f) Include all other provisions that are necessary for, or material to, the implementation of the conversion.
- (3) The plan of conversion may include any other provisions that the converting mutual deems necessary or reasonable.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1351, effective July 15, 2010. -- Created 2000 Ky. Acts ch. 42, sec. 3, effective July 14, 2000.