

CHAPTER 26.1-07

CONSOLIDATION OR REINSURANCE OF DOMESTIC COMPANIES

26.1-07-01. Domestic companies - Consolidation - Reinsurance. As used in this chapter, "consolidate" includes consolidation and merger and "reinsurance" includes only those obligations ceded or assumed by an assumption agreement. An "assumption agreement" is one that transfers all of the direct insurer's obligations under policies of insurance to another insurer and relieves the transferring insurer of any obligations under the policies. A domestic insurance company organized on the stock, mutual, stipulated premium, or assessment plan may not consolidate with any other company, or reinsure its risks or any part thereof with any other company, or assume or reinsure the whole or any portion of the risks of any other company, except in the manner provided by this chapter.

26.1-07-02. Petition for allowance of consolidation or reinsurance. When any company described in section 26.1-07-01 proposes to consolidate with any other company, or to enter into any contract of reinsurance, it must file its petition with the commissioner setting forth the terms and conditions of the proposed consolidation or reinsurance contract and asking for approval or modification as provided by this chapter. The company shall file as an exhibit to the petition the proposed consolidation or reinsurance contract.

26.1-07-03. Profit by officer or employee prohibited. An officer of a company petitioning for the right to consolidate or to reinsure and an officer or employee of the state may not receive any compensation or gratuity, either directly or indirectly, for aiding, promoting, or in any manner assisting in the consolidation or reinsurance.

26.1-07-04. Notice of petition for consolidation or reinsurance. When a petition is filed, the commissioner, within thirty days after filing of the petition, shall issue an order requiring notice by mail to each policyholder of the domestic company if any of its policyholders are being reinsured or it is proposing to consolidate with another company, of the pendency of the petition and of the time when and place where a hearing on the petition will be held. The hearing must be scheduled not more than ninety days from the date of the order. The commissioner shall publish the order of notice and the petition in five newspapers, one of which must be a daily newspaper published at the state capital, at least two weeks before the hearing upon the petition. By mutual agreement between the petitioning company and the commissioner, the timeframe set forth in this section may be modified, changed, or extended.

26.1-07-05. Commissioner to hear petition - General duties. Repealed by S.L. 1995, ch. 280, § 5.

26.1-07-05.1. Hearing on petition - General duties of commissioner. The commissioner shall hold a hearing on the petition and determine whether the consolidation or reinsurance will be allowed. The hearing must be conducted under chapter 28-32. Within sixty days of the close of the hearing, the commissioner shall enter findings of fact, conclusions of law, and an order either approving or disapproving any petition. The commissioner in making the determination shall consider the following:

1. Whether the proposed consolidation or reinsurance contract is inequitable to the policyholders of any domestic insurance company involved;
2. Whether the proposed consolidation or reinsurance contract would materially reduce the financial security of policyholders of the domestic insurer in this state or elsewhere; and
3. Whether the competence, experience, and integrity of the persons of a foreign insurance company who would control the operation of the consolidated insurance company or the reinsuring company are such that it would not be in the interest of the policyholders of the company to permit the consolidation or reinsurance contract.

The findings of fact, conclusions of law, and order entered by the commissioner are subject to appeal under chapter 28-32. The commissioner may waive the hearing if the companies involved and all the policyholders of the domestic companies involved consent to waiving the hearing.

26.1-07-06. Commissioner may compel attendance of witnesses - Policyholders and stockholders may appear. The commissioner may summon and compel the attendance and testimony of witnesses and the production of evidence. Any policyholder or stockholder of a company petitioning for consolidation or for the right to reinsure may appear before the commissioner and be heard with reference thereto.

26.1-07-07. Expenses paid by petitioner. All actual expenses and costs incident to proceedings under this chapter must be paid by the company filing the petition. An itemized statement of the expenses and costs must be filed with the commissioner with a certified copy of the decision of the commissioner.

26.1-07-08. Insurance companies subject to dissolution provisions. Repealed by S.L. 1991, ch. 305, § 14.

26.1-07-09. Grounds upon which commissioner may petition for dissolution of company - Representation by attorney general. Repealed by S.L. 1991, ch. 305, § 14.

26.1-07-10. Petition for dissolution of company when officer refuses to give information. Repealed by S.L. 1991, ch. 305, § 14.

26.1-07-11. Preliminary hearing on petition - Transfer of proceedings - Bond. Repealed by S.L. 1991, ch. 305, § 14.

26.1-07-12. Injunction against transaction of business - Procedure - Operation of company. Repealed by S.L. 1991, ch. 305, § 14.

26.1-07-13. Commissioner to be appointed receiver. Repealed by S.L. 1991, ch. 305, § 14.

26.1-07-14. Court may order liquidation of company - Commissioner to direct liquidation - Procedure. Repealed by S.L. 1991, ch. 305, § 14.

26.1-07-15. Commissioner may appoint special deputies and employ counsel in receivership proceedings - Compensation - Powers. Repealed by S.L. 1991, ch. 305, § 14.

26.1-07-16. Offset - Limitations. Repealed by S.L. 1991, ch. 305, § 14.

26.1-07-17. Priority of distribution of assets. Repealed by S.L. 1991, ch. 305, § 14.

26.1-07-18. Powers and duties of commissioner and deputies in receivership proceedings - Assessments - Actions. Repealed by S.L. 1991, ch. 305, § 14.

26.1-07-19. Receiver may not increase liabilities of company - Exception. Repealed by S.L. 1991, ch. 305, § 14.

26.1-07-20. Report of dissolutions and receivership made by commissioner. Repealed by S.L. 1991, ch. 305, § 14.

26.1-07-21. Penalty. Any officer, director, or stockholder of any company, or any officer or employee of the state, who violates, or consents to the violation of, this chapter is guilty of a class A misdemeanor.