

1 A bill to be entitled
2 An act relating to mutual insurance holding
3 companies; amending s. 628.715, F.S.;
4 authorizing a mutual insurance holding company
5 to merge or consolidate with, or acquire the
6 assets of, a foreign mutual insurance company
7 under certain circumstances; providing for the
8 use of consultants; amending ss. 628.231 and
9 628.723, F.S.; authorizing directors of
10 domestic insurers and mutual insurance holding
11 companies to consider certain factors while
12 taking corporate action in discharging their
13 duties; amending s. 628.729, F.S.; revising the
14 qualification period; providing an effective
15 date.

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17 Be It Enacted by the Legislature of the State of Florida:

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19 Section 1. Paragraph (f) is added to subsection (1) of
20 section 628.715, Florida Statutes, and paragraph (b) of
21 subsection (2) of said section, is amended to read:

22 628.715 Merger and acquisitions.--Subject to
23 applicable requirements of this chapter, a mutual insurance
24 holding company may:

25 (1)

26 (f) Merge or consolidate with, or acquire the assets
27 of, a foreign mutual insurance company which redomesticates
28 pursuant to s. 628.520. The members of the foreign mutual
29 insurance company may approve the redomestication plan, as
30 well as the plan and agreement for merger and reorganization
31 as provided in subsection (2), in a contemporaneous vote.

1 (2) A reorganization pursuant to this section is
2 subject to the applicable procedures prescribed by the laws of
3 this state applying to corporations formed for profit, except
4 as otherwise provided in this subsection.

5 (b) No such merger shall be effectuated unless in
6 advance thereof, the plan and agreement therefor have been
7 filed with the department and approved by it. The department
8 may retain outside consultants to evaluate each merger. The
9 domestic mutual insurance holding company shall pay reasonable
10 costs associated with retaining such consultants. Such
11 payments shall be made directly to the consultant. The
12 department shall give such approval unless it finds such plan
13 or agreement:

- 14 1. Is inequitable to the policyholders of any domestic
15 insurer involved in the merger or the members of any domestic
16 mutual insurance holding company involved in the merger; or
- 17 2. Would substantially reduce the security of and
18 service to be rendered to policyholders of a domestic insurer
19 in this state.

20 Section 2. Subsection (5) is added to section 628.231,
21 Florida Statutes, to read:

22 628.231 Directors; number, election.--

23 (5) In discharging his or her duties, a director may
24 consider such factors as the directors deem relevant,
25 including, but not limited to, the long-term prospects and
26 interests of the corporation and its shareholders, the social,
27 economic, legal, or other effects of any action on the
28 employees, suppliers, or policyholders of the corporation or
29 its subsidiaries, the communities and society in which the
30 corporation or its subsidiaries operate, and the economy of
31 the state and the nation. The director may also consider the

1 short-term and long-term interests of the insurer, including,
2 but not limited to, benefits that may accrue to the insured
3 from the insurer's long-term plans, the possibility that such
4 interests may be best served by the continued independence of
5 the insurer, the resources, intent, and past, present, and
6 potential conduct of any person seeking to acquire control of
7 the insurer, and any other relevant factors.

8 Section 3. Subsection (5) is added to section 628.723,
9 Florida Statutes, to read:

10 628.723 Directors; number; election.--

11 (5) In discharging his or her duties, a director may
12 consider such factors as the directors deem relevant,
13 including, but not limited to, the long-term prospects and
14 interests of the corporation and its shareholders, the social,
15 economic, legal, or other effects of any action on the
16 employees, suppliers, or policyholders of the corporation or
17 its subsidiaries, the communities and society in which the
18 corporation or its subsidiaries operate, and the economy of
19 the state and the nation. The director may also consider the
20 short-term and long-term interests of the insurer, including,
21 but not limited to, benefits that may accrue to the insured
22 from the insurer's long-term plans, the possibility that such
23 interests may be best served by the continued independence of
24 the insurer, the resources, intent, and past, present, and
25 potential conduct of any person seeking to acquire control of
26 the insurer, and any other relevant factors.

27 Section 4. Subsection (1) of section 628.729, Florida
28 Statutes, is amended to read:

29 628.729 Member's share of assets on voluntary
30 dissolution.--

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1 (1) Upon any voluntary dissolution of a domestic
2 mutual insurance holding company, its assets remaining after
3 discharge of its indebtedness, if any, and expenses of
4 administration, shall be distributed to existing persons who
5 were its members at any time within the 3-year period
6 preceding the date such liquidation was authorized or ordered,
7 or date of last termination of the insurer's certificate of
8 authority, whichever date is earlier; except, if the
9 department has reason to believe that those in charge of the
10 management of the mutual insurance holding company have caused
11 or encouraged the reduction of the number of members of the
12 insurer in anticipation of liquidation and for the purpose of
13 reducing thereby the number of persons who may be entitled to
14 share in distribution of the insurer's assets, the department
15 may enlarge the 3-year ~~5-year~~ qualification period by such
16 additional time as the department may deem to be reasonable.

17 Section 5. This act shall take effect upon becoming a
18 law.

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