

**31A-27a-404 Sale or dissolution of the insurer's corporate entity.**

- (1) Notwithstanding the entry of a liquidation order, the liquidator may apply for an order to sell or dissolve the corporate entity or charter of a domestic insurer, or the United States branch of an alien insurer domiciled in this state:
  - (a) at any time after an order of liquidation of the insurer is granted; and
  - (b) consistent with this section.
- (2) Upon an application to sell the corporate entity or charter, with notice as prescribed in this chapter, the receivership court may enter an order:
  - (a) separating the corporate entity or charter, together with any of its licenses to do business and the assets the liquidator considers appropriate to the transaction, from:
    - (i) the remaining estate in liquidation;
    - (ii) all of the remaining estate's assets; and
    - (iii) the claims or interests of all claimants, creditors, policyholders, and stockholders;
  - (b) canceling all outstanding stock and other securities of, and other equity interests in, the corporate entity or charter, except that the cancellation may not affect any claim against the estate by holders of the equity interests;
  - (c) authorizing the issuance and sale of new stock or other securities for the purpose of transferring to one or more buyers control and ownership of the corporate entity or charter; and
  - (d) authorizing the sale of the corporate entity or charter, together with any of its licenses to do business and the general assets the liquidator considers appropriate to the transaction, free and clear from the claims or interests of all claimants, creditors, policyholders, and stockholders.
- (3)
  - (a) The sale of the corporate entity or charter may be made in the manner and on the terms and conditions:
    - (i) applied for by the liquidator; and
    - (ii) ordered by the receivership court.
  - (b) A sale is subject to the domiciliary state's laws regarding acquisition of an insurer under Chapter 16, Insurance Holding Companies.
  - (c) Upon the sale of a corporate entity or chapter:
    - (i) the proceeds from the sale become a part of the property of the estate in liquidation; and
    - (ii) the then separate corporate entity or charter, together with any of its licenses to do business and the assets the liquidator considers appropriate to the transaction, is free and clear from the claims or interests of all claimants, creditors, policyholders, and stockholders of the insurer in liquidation.
  - (d) The court has broad powers to effect the disposition of a corporate entity and its charter including, without limiting the statement of broad powers, a reorganization or conversion of the corporate entity.
- (4) This section shall be liberally construed to:
  - (a) accomplish its purposes to provide an expeditious and effective procedure to realize the maximum proceeds possible from the sale of a corporate entity or charter separated from an estate in liquidation; and
  - (b) ensure that a purchaser receives clear and marketable title.
- (5) If permission to sell the corporate entity or charter is not granted before discharge of the liquidator, in accordance with this section or otherwise with receivership court approval:
  - (a) the receivership court may order dissolution of the corporate entity or charter;

- (b) dissolution is considered complete by operation of law upon the discharge of the liquidator if the insurer is insolvent; or
- (c) dissolution may be ordered by the receivership court upon the discharge of the liquidator if the insurer is under a liquidation order for some other reason.

Enacted by Chapter 309, 2007 General Session