

Part 4 Reorganization

31A-7-401 Mergers and consolidations.

Sections 31A-5-501 and 31A-5-503 apply to mergers and consolidations of corporations organized and operating under this chapter.

Enacted by Chapter 242, 1985 General Session

31A-7-402 Voluntary dissolution.

Section 31A-5-504 applies to the voluntary dissolution of corporations organized and operating under this chapter.

Enacted by Chapter 242, 1985 General Session

31A-7-403 Conversion to a Title 31A, Chapter 5, mutual insurer.

- (1) An insurer organized and operating under this chapter may be converted into a mutual insurer under Chapter 5, Domestic Stock and Mutual Insurance Corporations, as provided in this section.
- (2)
 - (a) The board shall pass a resolution that the conversion is not contrary to the interests of the policyholders specifying the reasons for and the purposes of the proposed conversion, and the manner in which the conversion is expected to affect policyholders, particularly the policyholders that are members.
 - (b) The board's resolution shall also set forth a plan of conversion which shall include:
 - (i) the articles of incorporation of the new Chapter 5, Domestic Stock and Mutual Insurance Corporations, mutual insurer, including a description of the classes of policyholders who, by virtue of being policyholders, will have an interest in the converted insurer;
 - (ii) the bylaws of the new Chapter 5, Domestic Stock and Mutual Insurance Corporations, mutual insurer;
 - (iii) a description of any changes in the insurer's mode of operations after conversion to a Chapter 5, Domestic Stock and Mutual Insurance Corporations, mutual insurer; and
 - (iv) any other items specified by rule.
- (3) The provisions of Chapter 16, Insurance Holding Companies, apply to the conversion of a Chapter 7, Nonprofit Health Service Insurance Corporations, insurer to a Chapter 5, Domestic Stock and Mutual Insurance Corporations, mutual insurance corporation.
- (4) The plan of conversion shall be submitted to the commissioner for approval, together with a projection of the planned or anticipated financial condition of the insurer for two years after the conversion.
- (5) The commissioner shall hold an adjudicative proceeding concerning the conversion application.
- (6) The commissioner shall approve the plan of conversion, unless he finds that the plan violates the law, is contrary to the interests of policyholders or the public, or would result in an unfair distribution of interest among the insurer's policyholders.
- (7)
 - (a) Upon the commissioner approving the conversion under Subsection (6), the commissioner shall issue a new certificate of authority.

- (b) The issuance of the certificate is the conversion, and upon issuance of the certificate the Chapter 7, Nonprofit Health Service Insurance Corporations, insurer at once becomes a mutual insurance corporation organized under and fully subject to Chapter 5, Domestic Stock and Mutual Insurance Corporations.
- (c) The mutual insurer is considered to have been organized at the time the converted Chapter 7, Nonprofit Health Service Insurance Corporations, insurer was organized.
- (d) Unless otherwise provided in the plan of conversion, the directors, officers, agents, and employees of the Chapter 7, Nonprofit Health Service Insurance Corporations, insurer shall continue in like capacity with the mutual insurance corporation.

Amended by Chapter 161, 1987 General Session

31A-7-404 Transfer of business or assets.

Section 31A-5-508 applies to the transfer of business or assets of corporations organized and operating under this chapter.

Enacted by Chapter 242, 1985 General Session