



Ohio Revised Code

Section 3913.12 Consideration to policyholders in effecting conversion.

Effective: September 24, 1986

Legislation: House Bill 892 - 116th General Assembly

(A) In effecting a conversion of a mutual life insurance company into a stock life insurance company, each policyholder is entitled to consideration in an amount equal to his equitable share of the value of the mutual company as provided for in the plan of conversion. Such consideration may be in the form of stock, either common or preferred, warrants, bonds, debentures, cash, or increased benefits. If the plan provides for consideration in the form of stock and if such equitable share of the value of the mutual company entitles a policyholder to a fractional share of stock, he shall have the option of receiving the value of such fractional share in cash or of purchasing such additional fraction as will entitle him to a full share. If the plan of conversion provides for consideration in the form of stock and if the initial issue of stock of the new company exceeds the number of shares to which the policyholders are entitled in the aggregate, each policyholder is also entitled to preemptive rights in subscribing to his proportionate number of shares of such excess.

(B) The value of the company is the value as determined by the appraisal committee pursuant to division (D) of section 3913.11 of the Revised Code, and approved by the superintendent of insurance. The equitable share of the value of the new company held by each policyholder shall be determined by the ratio which the premiums paid by the policyholder and the dividends paid or credited to him during the three year period preceding, and the reserve on his policy on, the date of the examination conducted pursuant to division (C) of section 3913.11 of the Revised Code bear to the total premiums received and dividends paid or credited by the company during the same period and the reserves on all policies, appropriate weight being given to premiums, dividends, and reserves as the company with the approval of the superintendent of insurance deems appropriate in the circumstances.

(C) Upon conversion of a mutual life insurance company to a stock life insurance company, each policyholder's ownership interest in the mutual company terminates except for the shares of the new company or other consideration in lieu thereof which said policyholder is entitled to receive and except for all other rights arising under his policy or policies of insurance.