



Ohio Revised Code

Section 3913.22 Rights of mutual policyholders in effecting conversion.

Effective: December 17, 1971

Legislation: Senate Bill 311 - 109th General Assembly

(A) In effecting a conversion of a mutual insurance company into a stock insurance corporation pursuant to sections 3913.20 to 3913.23, inclusive, of the Revised Code, each mutual policyholder is entitled to such shares of stock of the new corporation as his equitable share of the value of the mutual company will purchase. 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 initial issue of stock to the new corporation exceeds the number of shares to which the mutual policyholders are entitled in the aggregate, each mutual 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 3913.21 of the Revised Code, and approved by the superintendent of insurance. The equitable share of the value of the company held by each mutual policyholder shall be determined as follows:

(1) By the ratio which the total net premiums paid, in respect to his mutual policy or policies in force on the date of the examination conducted pursuant to division (C) of section 3913.21 of the Revised Code, within the period including the five accounting periods preceding the date of such examination and including the time from the end of the last such accounting period to the date of the examination, bears to the total net premiums paid in the same period in respect to all mutual policies of the company in force on the date of such examination; or

(2) If the company is a perpetual deposit insurance company, by the ratio which each mutual policyholder's premium deposit bears to the total premium deposits held by the company, provided that, if the company has held the premium deposit for less than five years, the equitable share of each mutual policyholder is ten per cent of such ratio for each full six month period said deposit has been held by the company. As used in this section, "net premium" means gross premium less return premium and dividends paid.



(C) Shares shall be issued to the owner or owners of a mutual policy in force on the date of the examination conducted pursuant to division (C) of section 3913.21 of the Revised Code, as such owner or owners appear on the face of the policy. If ownership of a policy has been assigned by a writing absolute on its face to an assignee other than the mutual company, and such assignment is in effect and on file at the principal office of the new corporation on the date shares are issued the assignee shall be deemed the owner of the policy.

(D) From and after the date of issuance of shares to a policyholder pursuant to sections 3913.20 to 3913.24, inclusive, of the Revised Code, his ownership interest in the company as a mutual policyholder terminates, and such ownership interest shall thenceforth be represented solely by the shares of stock in the new corporation issued to him, but no other rights or liabilities of the policyholder arising under his policy are affected by such issuance of stock.