
ROGER BRESKE

STATE SENATOR

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MEMORANDUM

March 11, 1999

TO: Scott Hubli
Legislative Reference Bureau
FR: Vaughn L. Vance for
Senator Roger Breske
RE: Modifications to 1997 Act 79

Attached, please find drafting instructions and related material for changes that Roger would like to make to 1997 Senate Bill 423 (passed as 1997 Wis. Act 79). This statute relates to mutual holding companies. These changes are essentially technical in nature. Please feel free to give me a call should you have any questions or concerns regarding this matter. I can be reached at 266-2509.

EXPLANATION OF CHANGES TO CHAPTER 644

The attached draft bill (LRBa 2582/1) contains amendments to Chapter 644 of the Wisconsin Statutes. Chapter 644 was enacted in April 1998, as part of 1997 Wis. Act 227.

During the same floor period when Chapter 644 was enacted, the non-stock corporation law (Chapter 181) was completely repealed and recreated with the enactment of 1997 Wis. Act 79 (Act 79). Chapter 644 contains a number of cross-references to Chapter 181 that deal with certain aspects of the formation, organization, governance and operation of a mutual holding company and the rights of its members. Because of the rewrite of Chapter 181, these cross-references are no longer appropriate.

The attached draft bill was prepared last session to resolve these conflicting references and to make a few other clarifications. However, it was not completed in time for introduction last session. In fact, a few modifications to the draft bill are still required and Scott Hubli of the LRB was working on those modifications when it became clear the bill would have to wait for the 1999/2000 session for introduction. The modifications that still need to be made to the draft are shown by hand interlineations on the attached draft bill.

Many of the amendments are changes to the numerical cross-references that were necessitated by the changed numbering system in revised Chapter 181. Those amendments conform the cross-references to similar provisions found in revised Chapter 181.

Other amendments are not simply changes in numerical cross-references, but are necessitated because some revisions to Chapter 181 need to be adjusted to fit the mutual holding company context. In those cases, the changes and modifications made in this draft bill with regard to mutual holding companies are virtually the same as the changes that were made to Chapter 611 in Act 79 with regard to mutual insurers. It is appropriate for mutual holding companies to be treated the same as mutual insurers in these matters because the interests of members of a mutual holding company here are substantially equivalent to the rights of policyholders of a mutual insurer.

Following is a list of each of the provisions in Chapter 644 that would be amended by the draft bill, taken in numeric order, together with a brief description of the type of change made:

644.04(3)(intro.) Section 611.33, which is referred to in this section and which governs sales of securities by stock insurers, among other things makes certain provisions of the stock corporation law (Chapter 180) applicable to stock insurance companies, including stock insurers that converted from mutual insurers in a mutual holding company restructuring. An intermediate stock holding company, which is formed as a stock corporation, is already subject to the requirements of the stock corporation law.

This change makes clear that both types of companies can issue stock, but only the converted insurance company is subject to Section 611.33.

644.05(1) This mirrors the amendment of Section 611.07(1) contained in Act 79 relating to powers of mutual insurers. It deletes reference to subsections 181.0302(16) (the right to impose dues, assessments, admission and transfer fees on members) and (17) (the right to establish conditions for admission of members) because they are contrary to mutual insurance law and not appropriate for members of either mutual insurance companies or mutual holding companies.

644.05(2) This mirrors the amendment of Section 611.07(2) contained in Act 79, which relates to unauthorized corporate acts. As is true for a mutual insurer, the commissioner, rather than the attorney general, will be the authority acting with respect to a mutual holding company.

644.05(3) This mirrors the repeal of Section 611.07(3) contained in Act 79, relating to omission of a seal as regards a mutual insurer.

644.05(4) This mirrors the amendment of Section 611.07(4) contained in Act 79, which relates to waivers of notice as to meetings and actions taken by written consent..

644.08 This mirrors the amendment of Section 611.10 contained in Act 79, which relates to reservation of corporate name.

644.09(1)(intro.) This mirrors the amendment of Section 611.12(2) contained in Act 79, which relates to the required content of the articles of incorporation.

644.09(1)(a) This mirrors the amendment of Section 611.12(2)(a) contained in Act 79, which relates to the requirements for the corporate name.

644.09(2) This mirrors the amendment of subsections 611.29(1), (3), and (5) contained in Act 79, which relate to amendment of the articles of incorporation.

644.09(3) This mirrors the amendment of Section 611.12(4) contained in Act 79, which relates to various aspects of by-laws, amendment of by-laws and emergency by-laws.

644.09(4) This is simply a change in numerical reference to conform the reference to the newly-revised provisions in revised Chapter 181. The change to Section 644.09(4) is slightly different than the amendment made by Act 79 to the corresponding section (Section 611.12(3)) in Chapter 611. That change requires mutual insurers to have at least three principal offices with such offices held by at least three different individuals, rather than the provision of Section 181.0840 which permits such offices to be held by the same person.

644.14(1) This mirrors the amendment of Section 611.42 contained in Act 79, which relates to court ordered meetings of policyholders and the record date used to determine which policyholders may vote.

644.16(1) This mirrors the amendments of subsections 611.51(1) and (3) and 611.53(3) and (8) contained in Act 79, which relate to matters concerning the directors and officers of the organization and operation of the board.

644.16(2) This is simply a change in the numerical cross-reference caused by the revision of Chapter 181.

644.16(3)(a) This mirrors the amendment of Section 611.51(9)(am) contained in Act 79, as it relates to books and records of the corporation.

644.16(4) This does not mirror any change to Chapter 611. Instead, rather than applying the provisions and requirements of Chapter 181 that relate to transactions in which directors may have conflicts of interest, this change applies the requirements of Section 611.60 (transactions in which directors and others are interested) to the mutual holding company. It seems more appropriate for that provision which addresses conflicts transactions involving mutual insurers, rather than the more generic Section 181.0831, to govern conflicts transactions involving mutual holding company management.

644.17 This mirrors the amendment of Section 611.53(4) contained in Act 79, which relates to resignation and removal of officers and contract rights of officers.

644.18 This mirrors the amendment of Section 611.62 contained in Act 79, which relates to liability of directors and officers, indemnification, insurance and derivative actions.

644.19 The changes in this section are either (a) changes to the numerical cross-references made necessary because of the revision of Chapter 181 or (b) deletions of cross-references because the substance of those deleted provisions is adequately covered in other provisions of Chapter 644.

644.26 This mirrors the amendment of Section 611.78 contained in Act 79, which relates to the sale, lease, exchange or mortgage of a mutual insurer's assets.

644.28(1), (2)(a), (3) and (4) These are changes in the numerical cross-references made necessary because of the revision of Chapter 181.

644.29 This is a change in the numerical cross-reference made necessary because of the revision of Chapter 181.



SENATE AMENDMENT,
TO 1997 ASSEMBLY BILL 785

1 At the locations indicated, amend the bill as follows:

2 1. Page 1, line 6: after "courts" insert "and reconciling conflicts between 1997
3 Wisconsin Acts 79 and 227."

4 2. Page 4, line 1: before that line insert:

5 "SECTION 1b. 644.04 (3) (intro.) of the statutes, as created by 1997 Wisconsin
6 Act 227, is amended to read:

7 644.04 (3) (intro.) ~~Subject to s. 611.33,~~ ^{and} the converted insurance company, ^{and}
8 ~~any intermediate stock holding company~~ ^{subject to s. 611.33, and any intermediate stock holding company} may thereafter issue to 3rd parties debt
9 securities, stock other than voting stock and, subject to s. 644.15, voting stock, so long
10 as all of the following are true:

11 SECTION 1c. 644.05 (1) of the statutes, as created by 1997 Wisconsin Act 227,
12 is amended to read:

1 644.05 (1) ~~POWERS. Section 181.04~~ Subject to s. 644.19 (2) and (3), s. 181.0302
2 (intro.), (1) to (15), (18) and (19) applies to mutual holding companies.

3 SECTION 1d. 644.05 (2) of the statutes, as created by 1997 Wisconsin Act 227,
4 is amended to read:

5 644.05 (2) ~~EFFECT OF UNAUTHORIZED CORPORATE ACTS. Section 181.057 (1) and~~
6 (2) 181.0804 applies to mutual holding companies, except that references to
7 "attorney general" shall be read as "commissioner".

8 SECTION 1e. 644.05 (3) of the statutes, as created by 1997 Wisconsin Act 227,
9 is repealed.

10 SECTION 1f. 644.05 (4) of the statutes, as created by 1997 Wisconsin Act 227,
11 is amended to read:

12 644.05 (4) ~~WAIVER OF NOTICE AND INFORMAL ACTION BY MEMBERS OR DIRECTORS.~~
13 Sections 181.70 and 181.72 181.0704, 181.0706, 181.0821 and 181.0823 apply to
14 mutual holding companies. Section 181.0821 also applies to a committee of the board
15 of a mutual holding company, except that references to "board" shall be read as
16 "committee".

17 SECTION 1g. 644.08 of the statutes, as created by 1997 Wisconsin Act 227, is
18 amended to read:

19 644.08 ~~Reservation of corporate name. Section 181.07 applies~~ Sections
20 181.0402 and 181.0408 (2), (3) and (3m) apply to mutual holding companies.

21 SECTION 1h. 644.09 (1) (intro.) of the statutes, as created by 1997 Wisconsin Act
22 227, is amended to read:

23 644.09 (1) ~~ARTICLES. (intro.) Section 181.31 181.0202~~ applies to the articles of
24 a mutual holding company, except that all of the following apply:

1 SECTION 1l. 644.09 (1) (a) of the statutes, as created by 1997 Wisconsin Act 227,
2 is amended to read:

3 644.09 (1) (a) The name of the mutual holding company shall include the word
4 "mutual" and shall comply with s. ~~181.06 (3)~~ 181.0401 (2) to (4).

5 SECTION 1j. 644.09 (2) of the statutes, as created by 1997 Wisconsin Act 227,
6 is amended to read:

7 644.09 (2) AMENDMENT OF ARTICLES. A mutual holding company may amend its
8 articles in the manner provided in ss. ~~181.35 to 181.37 and 181.39~~ 181.1001,
9 181.1002 (1), 181.1003, 181.1005 and 181.1006, except that papers required by those
10 sections to be filed with the department of financial institutions shall instead be filed
11 with the commissioner. The articles may be amended in any desired respect,
12 including substantial changes of its original purposes, except that no amendment
13 may be made that is contrary to sub. (1). In addition to the requirements of s. ~~181.37~~
14 181.1005, the articles of amendment of a mutual holding company shall, if mail
15 voting is used, state the number of members voting by mail and the number of such
16 members voting for and against the amendment. No amendment may become
17 effective until the articles of amendment have been filed with the commissioner. No
18 amendment shall affect any existing cause of action in favor of or against such
19 mutual holding company, any ~~pending suit~~ civil, criminal, administrative or
20 investigatory proceeding to which the mutual holding company is a party or the
21 existing rights of persons other than members. In the event that the corporate name
22 is changed by amendment, no suit brought by or against such mutual holding
23 company under its former name shall abate for that reason.

24 SECTION 1k. 644.09 (3) of the statutes, as created by 1997 Wisconsin Act 227,
25 is amended to read:

1 644.09 (3) BYLAWS. The bylaws of a mutual holding company shall comply with
2 this chapter. A copy of the bylaws and any amendments to the bylaws shall be filed
3 with the commissioner within 60 days after adoption. Subject to this subsection, ~~s.~~
4 ~~181.13~~ applies ss. 181.0206, 181.0207 and 181.1021 apply to mutual holding
5 companies.

6 SECTION 1L. 644.09 (4) of the statutes, as created by 1997 Wisconsin Act 227,
7 is amended to read:

8 644.09 (4) PRINCIPAL OFFICERS. ~~Section 181.25 (1) and (2) applies~~ Sections
9 181.0840 and 181.0841 apply to mutual holding companies.

10 SECTION 1m. 644.14 (1) of the statutes, as created by 1997 Wisconsin Act 227,
11 is amended to read:

12 644.14 Member rights. (1) COMMUNICATION TO MEMBERS; MEMBER VOTING.
13 Subject to this section, ss. 611.41, 611.42 (1), (1e), (1m), (2), (3), (4) (a) and (5), 611.43
14 and 611.53 (2) apply to mutual holding companies.

15 SECTION 1n. 644.16 (1) of the statutes, as created by 1997 Wisconsin Act 227,
16 is amended to read:

17 644.16 (1) BOARD OF DIRECTORS. Subject to this section, ss. ~~181.18, 181.21,~~
18 181.0801 (1) and (2), 181.0802, 181.0811, 611.51 (2), (3), (5) and (8) and 611.53 (1) and
19 (3) apply to mutual holding companies. Section ~~181.22~~ ^{181.0824} ~~611.60~~ applies to the board
20 of a mutual holding company except as modified by s. ~~181.225~~ 611.60. The board
21 shall manage the business and affairs of the corporation and may not delegate its
22 power or responsibility to do so, except to the extent authorized by ss. ~~181.23 and~~
23 181.25 (2), 181.0825 and 181.0841.

24 SECTION 1nm. 644.16 (2) of the statutes, as created by 1997 Wisconsin Act 227,
25 is amended to read:

1 644.16 (2) COMMITTEES OF DIRECTORS. Section ~~181.23~~ 181.0825 applies to
2 mutual holding companies.

3 SECTION 1p. 644.16 (3) (a) of the statutes, as created by 1997 Wisconsin Act 227,
4 is amended to read:

5 644.16 (3) (a) Section 611.51 (9) (a) (~~am~~) and (b) applies to mutual holding
6 companies.

7 SECTION 1q. 644.16 (4) of the statutes, as created by 1997 Wisconsin Act 227,
8 is amended to read:

9 644.16 (4) DIRECTOR CONFLICTS OF INTEREST. Section ~~181.225~~ 611.60 applies to
10 mutual holding companies.

11 SECTION 1r. 644.17 of the statutes, as created by 1997 Wisconsin Act 227, is
12 amended to read:

13 644.17 Removal of officers. Section ~~181.26~~ applies Sections 181.0843 and
14 181.0844 apply to mutual holding companies.

15 SECTION 1s. 644.18 of the statutes, as created by 1997 Wisconsin Act 227, is
16 amended to read:

17 644.18 Directors' and officers' liability and indemnification. (1)
18 LIABILITY. Sections ~~181.283 to 181.29~~ 181.0850 to 181.0855, except s. 181.0855 (2) (c),
19 apply to mutual holding companies. *and 181.0991*

20 (2) INDEMNIFICATION. Sections ~~181.041 to 181.051~~ 181.0871 to 181.0881 apply
21 to mutual holding companies.

22 (3) INSURANCE. Section ~~181.053~~ 181.0883 applies to mutual holding companies.

23 (4) DERIVATIVE ACTIONS. Section ~~181.295~~ applies Sections 181.0740 to 181.0747
24 apply to mutual holding companies.

1 **SECTION 1t.** 644.19 of the statutes, as created by 1997 Wisconsin Act 227, is
2 amended to read:

3 **644.19 Executive compensation.** (1) ~~GENERAL. Sections 181.19 and Section~~
4 **611.63 (4) and (5) apply** ~~applies~~ to mutual holding companies.

5 **(2) APPROVAL BY MEMBERS.** A benefit plan or amendment to a benefit plan that
6 proposes to provide benefits in the form of stock or stock options of a converted
7 insurance company or any intermediate stock holding company to the directors or
8 officers of the converted insurance company, intermediate stock holding company or
9 mutual holding company may not take effect unless it is submitted to a vote of the
10 members of the mutual holding company and approved by a majority of the members
11 voting. Notice of a meeting at which a vote under this subsection will be taken shall
12 be given in accordance with ~~s. 181.15, as provided in s. 644.14 (1), or in accordance~~
13 ~~with s. 644.14 (2).~~

14 **(3) NOTICE TO COMMISSIONER.** The commissioner may by rule require that any
15 action taken by the board of a mutual holding company, or the board of any
16 intermediate stock holding company, on any of the subjects specified in ~~ss. 181.04(15)~~
17 ~~and 181.19~~ **181.0302 (11) to (14)** be reported to the commissioner within 30 days after
18 the action is taken.

19 **SECTION 1u.** 644.26 of the statutes, as created by 1997 Wisconsin Act 227, is
20 repealed and recreated to read:

21 **644.26 Transfer of business or assets of mutual holding companies.** (1)
22 A sale, lease, exchange or other disposition of less than substantially all of the
23 property and assets of a mutual holding company, and the mortgage or pledge of any
24 or all property and assets of a mutual holding company, whether or not made in the
25 usual and regular course of its affairs, may be made upon the terms and conditions

1 authorized by the mutual holding company's board of directors. Unless otherwise
2 provided by the articles of incorporation, consent of the members is not required for
3 a sale, lease, exchange or other disposition of property, or for a mortgage or pledge
4 of property, authorized under this subsection.

5 (2) A sale, lease, exchange or other disposition of property and assets under
6 sub. (1) may be authorized only in the following manner:

7 (a) If the articles of incorporation give members the right to vote on the sale,
8 lease, exchange or other disposition of all or substantially all of the mutual holding
9 company's property and assets, the board of directors shall adopt a resolution
10 recommending the sale, lease, exchange or other disposition and directing that it be
11 submitted to a vote at an annual or special meeting of the members. Written notice
12 stating that the purpose, or one of the purposes, of the meeting is to consider the sale,
13 lease, exchange or other disposition of all, or substantially all, of the property and
14 assets of the mutual holding company shall be given to each member entitled to vote
15 at the meeting, within the time and in the manner provided by this chapter for
16 providing notice of member meetings. At the meeting, the members may authorize
17 the sale, lease, exchange or other disposition and may authorize the board of
18 directors to fix any or all of the terms and conditions of the sale, lease, exchange or
19 other disposition. The authorization shall be by the affirmative vote of at least
20 two-thirds of the members present or represented by proxy at the meeting. After the
21 authorization by a vote of the members, the board of directors, nevertheless, in its
22 discretion, may abandon the sale, lease, exchange or other disposition, subject to the
23 rights of 3rd parties under any contracts relating thereto, without further action or
24 approval by the members.

1 (b) If the articles of incorporation do not give members the right to vote on the
2 sale, lease, exchange or other disposition of all or substantially all of a mutual
3 holding company's property and assets, the sale, lease, exchange or other disposition
4 may be authorized by the vote of the majority of the directors in office.

5 SECTION 1v. 644.28 (1) of the statutes, as created by 1997 Wisconsin Act 227,
6 is amended to read:

7 644.28 (1) PLAN OF DISSOLUTION. Subject to this section, ss. ~~181.50 to 181.54 and~~
8 ~~181.555 181.1401 to 181.1407~~ apply to mutual holding companies, ~~except that the~~
9 ~~last sentence of s. 181.555 does not apply.~~

10 SECTION 1w. 644.28 (2) (a) of the statutes, as created by 1997 Wisconsin Act
11 227, is amended to read:

12 644.28 (2) (a) At least 60 days prior to the submission to members of any
13 proposed voluntary dissolution of a mutual holding company under s. ~~181.50~~
14 ~~181.1401~~, the plan shall be filed with the commissioner. The commissioner may
15 require the submission of additional information relevant to the effect of the
16 proposed dissolution on the solvency of the converted insurance company. The
17 commissioner shall approve the dissolution unless, after a hearing, the
18 commissioner finds that dissolution of the mutual holding company would cause the
19 converted insurance company to become insolvent, would be unfair or inequitable to
20 the members of the mutual holding company or would not be in the best interests of
21 the policyholders of the converted insurance company or the public.

22 SECTION 1x. 644.28 (3) of the statutes, as created by 1997 Wisconsin Act 227,
23 is amended to read:

24 644.28 (3) REVOCATION OF VOLUNTARY DISSOLUTION. If the mutual holding
25 company revokes the voluntary dissolution proceedings under s. ~~181.53 181.1404~~, a

1 copy of the resolution revoking the voluntary dissolution proceedings adopted under
2 s. ~~181.53~~ 181.1404 shall be filed with the commissioner.

3 SECTION ~~1xm.~~ 644.28 (4) of the statutes, as created by 1997 Wisconsin Act 227,
4 is amended to read:

5 644.28 (4) FILING AND RECORDING ARTICLES OF DISSOLUTION AND EFFECT THEREOF.
6 Upon approval by the commissioner under sub. (2) and by the members under s.
7 ~~181.50~~ 181.1401, the mutual holding company shall file articles of dissolution with
8 the commissioner. When the articles are filed, the existence of the mutual holding
9 company shall cease, except for the purpose of suits, other proceedings and
10 appropriate corporate action of members, directors and officers as provided in this
11 chapter and in ss. ~~181.50 to 181.54 and 181.55~~ 181.1401 to 181.1407. Upon the
12 filing of the articles, the commissioner may issue a certificate of dissolution.

13 SECTION 1y. 644.29 of the statutes, as created by 1997 Wisconsin Act 227, is
14 amended to read:

15 644.29 Involuntary dissolution of domestic mutual holding
16 companies. A mutual holding company may at any time during a voluntary
17 dissolution under ss. ~~181.51 to 181.55~~ 181.1401 to 181.1407 apply to the
18 commissioner to have dissolution continued under the commissioner's supervision,
19 ~~in which case, subject to this section, s. 181.56 (1) and (2) applies to the mutual~~
20 ~~holding company except that for purposes of this section "attorney general" means~~
21 ~~the commissioner.~~ Any distribution to members shall be limited in the same manner
22 as under s. 644.28 (5) and any excess over such amounts shall be paid into the state
23 treasury to the credit of the common school fund."

24 3. Page 8, line 13: after that line insert:

1 **"SECTION 13. Effective dates.** This act takes effect on the day after
2 publication, except as follows:

3 (1) **RECONCILIATION OF CONFLICTS BETWEEN ACTS 79 AND 227.** The treatment of
4 sections 644.04 (3) (intro.), 644.05 (1), (2), (3) and (4), 644.08, 644.09 (1) (intro.) and
5 (a), (2), (3) and (4), 644.14 (1), 644.16 (1), (2), (3) (a) and (4), 644.17, 644.18, 644.19,
6 644.26, 644.28 (1), (2) (a), (3) and (4) and 644.29 of the statutes takes effect on
7 January 1, 1999."

8

(END)



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-2515/7

PJK.....

PI
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PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

note

1 AN ACT ^{gen cat}; relating to: conforming the mutual insurance holding company
2 provisions to changes made in the nonstock corporation provisions.

Analysis by the Legislative Reference Bureau

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 SECTION 1. 644.04 (3) (intro.) of the statutes is amended to read:
4 644.04 (3) (intro.) Subject to s. 611.33, the The converted insurance company,
5 subject to s. 611.33 and any intermediate stock holding company may thereafter
6 issue to 3rd parties debt securities, stock other than voting stock and, subject to s.
7 644.15, voting stock, so long as all of the following are true:

History: 1997 a. 227.

8 SECTION 2. 644.05 (1) of the statutes is amended to read:

9 644.05 (1) POWERS. Section ~~181.04~~ Subject to ~~644.19~~ (2) and (3),
10 ~~181.0302~~ (intro.), (1) to (15), (18) and (19) applies to mutual holding companies.

History: 1997 a. 227.

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P This is a preliminary draft. An analysis will be

provided with a later version.

1 SECTION 3. 644.05 (2) of the statutes is amended to read:

2 644.05 (2) EFFECT OF UNAUTHORIZED CORPORATE ACTS. Section 181.057 (1) and

3 (2) ~~181.0304~~ *181.0304* applies to mutual holding companies, except that, for

4 purposes of this ~~section~~ *subsection*, "attorney general" used in s. 181.0304 (3) means

5 "commissioner". *subsection*

History: 1997 a. 227.

6 SECTION 4. 644.05 (3) of the statutes is repealed.

7 SECTION 5. 644.05 (4) of the statutes is amended to read:

8 644.05 (4) WAIVER OF NOTICE AND INFORMAL ACTION BY MEMBERS OR DIRECTORS.

9 Sections 181.70 and 181.72 ~~181.0704, 181.0706, 181.0821 and 181.0823~~ apply to

10 mutual holding companies. For purposes of this subsection, "board" used in s.

11 181.0821 includes "committee of the board of a mutual holding company".

NOTE: NOTE: Chapter 644 was created by 1997 Wis. Act 227 with cross-references to sections of ch. 181, 1995 stats. The citations shown in brackets are to sections in ch. 181, 1997 stats., as repealed and recreated by 1997 Wis. Act 79. The cited 1997 Statutes contain the general subject matter of the cited 1995 statutes, although there may not be a direct correspondence between the 1995 statute and the 1997 statute. Corrective legislation is pending. NOTE:

History: 1997 a. 227.

12 SECTION 6. 644.08 of the statutes is amended to read:

13 644.08 Reservation of corporate name. Section 181.07 ~~181.0402~~ applies

14 Sections 181.0402 and 181.0403 (2), (3) and (3m) apply to mutual holding companies.

NOTE: NOTE: Chapter 644 was created by 1997 Wis. Act 227 with cross-references to sections of ch. 181, 1995 stats. The citations shown in brackets are to sections in ch. 181, 1997 stats., as repealed and recreated by 1997 Wis. Act 79. The cited 1997 Statutes contain the general subject matter of the cited 1995 statutes, although there may not be a direct correspondence between the 1995 statute and the 1997 statute. Corrective legislation is pending. NOTE:

History: 1997 a. 227.

15 SECTION 7. 644.09 (1) (intro.) of the statutes is amended to read:

16 644.09 (1) ARTICLES. (intro.) Section 181.31 ~~181.0202~~ applies to the articles

17 of a mutual holding company, except that all of the following apply:

History: 1997 a. 227.

18 SECTION 8. 644.09 (1) (a) of the statutes is amended to read:

19 644.09 (1) (a) The name of the mutual holding company shall include the word

20 "mutual" and shall comply with s. 181.06 (3) ~~181.0401 (2) to (4)~~ 181.0401 (2) to (4).

History: 1997 a. 227.

21 SECTION 9. 644.09 (2) of the statutes is amended to read:

1 644.09 (2) AMENDMENT OF ARTICLES. A mutual holding company may amend its
 2 articles in the manner provided in ss. ~~181.35 to 181.37 and 181.39~~ ~~181.1001 to~~
 3 ~~181.1004~~ 181.1001, 181.1002 (1), 181.1003, 181.1005 and 181.1006, except that
 4 papers required by those sections to be filed with the department of financial
 5 institutions shall instead be filed with the commissioner. The articles may be
 6 amended in any desired respect, including substantial changes of its original
 7 purposes, except that no amendment may be made that is contrary to sub. (1). In
 8 addition to the requirements of s. ~~181.37~~ 181.1005, the articles of amendment of a
 9 mutual holding company shall, if mail voting is used, state the number of members
 10 voting by mail and the number of such members voting for and against the
 11 amendment. No amendment may become effective until the articles of amendment
 12 have been filed with the commissioner. No amendment shall affect any existing
 13 cause of action in favor of or against such mutual holding company, any pending suit
 14 civil, criminal, administrative or investigatory proceeding to which the mutual
 15 holding company is a party or the existing rights of persons other than members. In
 16 the event that the corporate name is changed by amendment, no suit brought by or
 17 against such mutual holding company under its former name shall abate for that
 18 reason.

History: 1997 a. 227.

19 **SECTION 10.** 644.09 (3) of the statutes is amended to read:

20 644.09 (3) BYLAWS. The bylaws of a mutual holding company shall comply with
 21 this chapter. A copy of the bylaws and any amendments to the bylaws shall be filed
 22 with the commissioner within 60 days after adoption. Subject to this subsection, s-

1 181.13 ~~(181.020, 181.020, 181.021 and 181.022)~~ applies ss. 181.020[✓], 181.020[✓]
2 and 181.1021[✓] apply to mutual holding companies.

History: 1997 a. 227.

3 SECTION 11. 644.09 (4) of the statutes is amended to read:

4 644.09 (4) PRINCIPAL OFFICERS. Section 181.25 (1) and (2) ~~181.0840 and~~

5 ~~181.0840~~ applies Sections 181.0840[✓] and 181.0841[✓] apply to mutual holding
6 companies.

NOTE-NOTE: Chapter 644 was created by 1997 Wis. Act 227 with cross references to sections of ch. 181, 1995 stats. The citations shown in brackets are to sections in ch. 181, 1997 stats., as repealed and recreated by 1997 Wis. Act 79. The cited 1997 Statutes contain the general subject matter of the cited 1995 statutes, although there may not be a direct correspondence between the 1995 statute and the 1997 statute. Corrective legislation is pending. NOTE.

History: 1997 a. 227.

7 SECTION 12. 644.14 (1) of the statutes is amended to read:

8 644.14 (1) COMMUNICATION TO MEMBERS; MEMBER VOTING. Subject to this section,
9 ss. 611.41, 611.42 (1), (1e)[✓], (1m)[✓], (2), (3), (4) (a) and (5), 611.43 and 611.53 (2) apply
10 to mutual holding companies.

History: 1997 a. 227.

11 SECTION 13. 644.16 (1) of the statutes is amended to read:

12 644.16 (1) BOARD OF DIRECTORS. Subject to this section, ss. 181.18[✓] ~~(181.0801 and~~

13 ~~181.0801, 181.21[✓] ~~(181.0801)~~~~ 181.0801 (1) and (2)[✓], 181.0802[✓], 181.0811[✓], 611.51 (2), (3),
14 (5) and (8) and 611.53 (1) and (3) apply to mutual holding companies. Section 181.22

15 ~~181.0824~~[✓] applies to the board of a mutual holding company except as modified by
16 s. 181.225 ~~181.0830~~[✓] 611.10[✓]. The board shall manage the business and affairs of the

17 corporation and may not delegate its power or responsibility to do so, except to the
18 extent authorized by ss. 181.23 ~~181.0811~~[✓] and 181.25 (2) ~~181.0811~~[✓] 181.0825 and
19 181.0841[✓].

History: 1997 a. 227.

20 SECTION 14. 644.16 (2) of the statutes is amended to read:

21 644.16 (2) COMMITTEES OF DIRECTORS. Section 181.23 ~~181.0825~~[✓] applies to
22 mutual holding companies.

History: 1997 a. 227.

1 SECTION 15. 644.16 (3) (a) of the statutes is amended to read:

2 644.16 (3) (a) Section 611.51 (9) (a) (am) and (b) applies to mutual holding
3 companies.

History: 1997 a. 227.

4 SECTION 16. 644.16 (4) of the statutes is amended to read:

5 644.16 (4) DIRECTOR CONFLICTS OF INTEREST. Section ~~181.225~~ 611.60
6 applies to mutual holding companies.

NOTE: NOTE: Chapter 644 was created by 1997 Wis. Act 227 with cross-references to sections of ch. 181, 1995 stats. The citations shown in brackets are to sections in ch. 181, 1997 stats., as repealed and recreated by 1997 Wis. Act 79. The cited 1997 Statutes contain the general subject matter of the cited 1995 statutes, although there may not be a direct correspondence between the 1995 statute and the 1997 statute. Corrective legislation is pending. NOTE:

History: 1997 a. 227.

7 SECTION 17. 644.17 of the statutes is amended to read:

8 644.17 Removal of officers. Section ~~181.26~~ 181.0843 and 181.0844 applies
9 Sections 181.0843 and 181.0844 apply to mutual holding companies.

NOTE: NOTE: Chapter 644 was created by 1997 Wis. Act 227 with cross-references to sections of ch. 181, 1995 stats. The citations shown in brackets are to sections in ch. 181, 1997 stats., as repealed and recreated by 1997 Wis. Act 79. The cited 1997 Statutes contain the general subject matter of the cited 1995 statutes, although there may not be a direct correspondence between the 1995 statute and the 1997 statute. Corrective legislation is pending. NOTE:

History: 1997 a. 227.

10 SECTION 18. 644.18 of the statutes is amended to read:

11 644.18 Directors' and officers' liability and indemnification. (1)

12 LIABILITY. Sections ~~181.283 to 181.29~~ 181.0832, 181.0833 and 181.0850 to 181.0857
13 181.0850 to 181.0855, except s. 181.0855 (2) (c), apply to mutual holding companies.

14 (2) INDEMNIFICATION. Sections ~~181.041 to 181.051~~ 181.0871 to 181.0881
15 181.0871 to 181.0881 and 181.0889 apply to mutual holding companies.

16 (3) INSURANCE. Section ~~181.053~~ 181.0883 applies to mutual holding
17 companies.

18 (4) DERIVATIVE ACTIONS. Section ~~181.295~~ 181.0740 to 181.0747 applies
19 Sections 181.0740 to 181.0747 apply to mutual holding companies.

NOTE: NOTE: Chapter 644 was created by 1997 Wis. Act 227 with cross-references to sections of ch. 181, 1995 stats. The citations shown in brackets are to sections in ch. 181, 1997 stats., as repealed and recreated by 1997 Wis. Act 79. The cited 1997 Statutes contain the general subject matter of the cited 1995 statutes, although there may not be a direct correspondence between the 1995 statute and the 1997 statute. Corrective legislation is pending. NOTE:

History: 1997 a. 227.

20 SECTION 19. 644.19 of the statutes is amended to read:

hair space

1 **644.19 Executive compensation.** (1) GENERAL. Sections 181.19 ~~181.0302~~
2 and Section 611.63 (4) and (5) apply applies to mutual holding companies.

3 (2) APPROVAL BY MEMBERS. A benefit plan or amendment to a benefit plan that
4 proposes to provide benefits in the form of stock or stock options of a converted
5 insurance company or any intermediate stock holding company to the directors or
6 officers of the converted insurance company, intermediate stock holding company or
7 mutual holding company may not take effect unless it is submitted to a vote of the
8 members of the mutual holding company and approved by a majority of the members
9 voting. Notice of a meeting at which a vote under this subsection will be taken shall
10 be given in accordance with s. 181.15 ~~181.0302~~, as provided in s. 644.14 (1), or in
11 accordance with s. 644.14 (2).

12 (3) NOTICE TO COMMISSIONER. The commissioner may by rule require that any
13 action taken by the board of a mutual holding company, or the board of any
14 intermediate stock holding company, on any of the subjects specified in ss. 181.04 (15)
15 and 181.19 ~~181.0302~~, s. 181.0302 (11) to (14) be reported to the commissioner within
16 30 days after the action is taken.

NOTE: NOTE: Chapter 644 was created by 1997 Wis. Act 227 with cross-references to sections of ch. 181, 1995 stats. The citations shown in brackets are to sections in ch. 181, 1997 stats., as repealed and recreated by 1997 Wis. Act 79. The cited 1997 Statutes contain the general subject matter of the cited 1995 statutes, although there may not be a direct correspondence between the 1995 statute and the 1997 statute. Corrective legislation is pending. NOTE:
History: 1997 a. 227.

17 SECTION 20. 644.26 of the statutes is repealed and recreated to read:

18 SECTION 21. 644.28 (1) of the statutes is amended to read:

19 644.28 (1) PLAN OF DISSOLUTION. Subject to this section, ss. 181.50 to 181.54 and
20 181.555 ~~181.1401 to 181.1404~~ 181.1401 to 181.1407 apply to mutual holding
21 companies, ~~except that the last sentence of s. 181.555 does not apply.~~

NOTE: NOTE: Chapter 644 was created by 1997 Wis. Act 227 with cross-references to sections of ch. 181, 1995 stats. The citations shown in brackets are to sections in ch. 181, 1997 stats., as repealed and recreated by 1997 Wis. Act 79. The cited 1997 statutes contain the general subject matter of the cited 1995 statutes, although there may not be a direct correspondence between the 1995 statute and the 1997 statute. The double bracketed language is noted because ch. 181 was repealed and recreated by 1997 Wis. Act 79 without substantially recreating the last sentence of s. 181.555. Corrective legislation is pending. NOTE:
History: 1997 a. 227.

22 SECTION 22. 644.28 (2) (a) of the statutes is amended to read:

insert 6-17 ✓

1 644.28 (2) (a) At least 60 days prior to the submission to members of any
 2 proposed voluntary dissolution of a mutual holding company under s. 181.50
 3 ~~181.1401~~, the plan shall be filed with the commissioner. The commissioner may
 4 require the submission of additional information relevant to the effect of the
 5 proposed dissolution on the solvency of the converted insurance company. The
 6 commissioner shall approve the dissolution unless, after a hearing, the
 7 commissioner finds that dissolution of the mutual holding company would cause the
 8 converted insurance company to become insolvent, would be unfair or inequitable to
 9 the members of the mutual holding company or would not be in the best interests of
 10 the policyholders of the converted insurance company or the public.

History: 1997 a. 227.

11 **SECTION 23.** 644.28 (3) of the statutes is amended to read:

12 644.28 (3) REVOCATION OF VOLUNTARY DISSOLUTION. If the mutual holding
 13 company revokes the voluntary dissolution proceedings under s. 181.53 ~~181.1404~~,
 14 a copy of the resolution revoking the voluntary dissolution proceedings adopted
 15 under s. ~~181.53~~ ~~181.1404~~ shall be filed with the commissioner.

History: 1997 a. 227.

16 **SECTION 24.** 644.28 (4) of the statutes is amended to read:

17 644.28 (4) FILING AND RECORDING ARTICLES OF DISSOLUTION AND EFFECT THEREOF.
 18 Upon approval by the commissioner under sub. (2) and by the members under s.
 19 181.50 ~~181.1401~~, the mutual holding company shall file articles of dissolution with
 20 the commissioner. When the articles are filed, the existence of the mutual holding
 21 company shall cease, except for the purpose of suits, other proceedings and
 22 appropriate corporate action of members, directors and officers as provided in this
 23 chapter and in ss. 181.50 to 181.54 and 181.555 ~~181.1401 to 181.1404~~ 181.1401 to

1 181.1407. Upon the filing of the articles, the commissioner may issue a certificate
2 of dissolution.

3 History: 1997 a. 227.

3 SECTION 25. 644.29 of the statutes is amended to read:

4 **644.29 Involuntary dissolution of domestic mutual holding companies.**

5 A mutual holding company may at any time during a voluntary dissolution under ss.

6 ~~181.51 to 181.555~~ ~~181.1403 to 181.1407~~ 181.1401 to 181.1407 apply to the
7 commissioner to have dissolution continued under the commissioner's supervision,
8 in which case, subject to this section, s. 181.56 (1) ~~(1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13) (14) (15) (16) (17) (18) (19) (20) (21) (22) (23) (24) (25) (26) (27) (28) (29) (30) (31) (32) (33) (34) (35) (36) (37) (38) (39) (40) (41) (42) (43) (44) (45) (46) (47) (48) (49) (50) (51) (52) (53) (54) (55) (56) (57) (58) (59) (60) (61) (62) (63) (64) (65) (66) (67) (68) (69) (70) (71) (72) (73) (74) (75) (76) (77) (78) (79) (80) (81) (82) (83) (84) (85) (86) (87) (88) (89) (90) (91) (92) (93) (94) (95) (96) (97) (98) (99) (100) (101) (102) (103) (104) (105) (106) (107) (108) (109) (110) (111) (112) (113) (114) (115) (116) (117) (118) (119) (120) (121) (122) (123) (124) (125) (126) (127) (128) (129) (130) (131) (132) (133) (134) (135) (136) (137) (138) (139) (140) (141) (142) (143) (144) (145) (146) (147) (148) (149) (150) (151) (152) (153) (154) (155) (156) (157) (158) (159) (160) (161) (162) (163) (164) (165) (166) (167) (168) (169) (170) (171) (172) (173) (174) (175) 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9 to the mutual holding company except that for purposes of this section "attorney
10 general" means the commissioner. Any distribution to members shall be limited in
11 the same manner as under s. 644.28 (5) and any excess over such amounts shall be
12 paid into the state treasury to the credit of the common school fund.

NOTE: NOTE: Chapter 644 was created by 1997 Wis. Act 227 with cross-references to sections of ch. 181, 1995 stats. The citations shown in brackets are to sections in ch. 181, 1997 stats., as repealed and recreated by 1997 Wis. Act 79. The cited 1997 statutes contain the general subject matter of the cited 1995 statutes, although there may not be a direct correspondence between the 1995 statute and the 1997 statute. The double bracketed language is noted because ch. 181 was repealed and recreated by 1997 Wis. Act 79 without substantially recreating s. 181.56 (2). Corrective legislation is pending. NOTE:

History: 1997 a. 227.

(END)

D-note

Insert 6-17

10/3

1 SECTION 1t. 644.19 of the statutes, as created by 1997 Wisconsin Act 227, is
2 amended to read:

3 **644.19 Executive compensation. (1) GENERAL.** Sections 181.19 and Section
4 611.63 (4) and (5) apply applies to mutual holding companies.

5 (2) APPROVAL BY MEMBERS. A benefit plan or amendment to a benefit plan that
6 proposes to provide benefits in the form of stock or stock options of a converted
7 insurance company or any intermediate stock holding company to the directors or
8 officers of the converted insurance company, intermediate stock holding company or
9 mutual holding company may not take effect unless it is submitted to a vote of the
10 members of the mutual holding company and approved by a majority of the members
11 voting. Notice of a meeting at which a vote under this subsection will be taken shall
12 be given in accordance with s. 181.15, as provided in s. 644.14 (1), or in accordance
13 with s. 644.14 (2).

14 (3) NOTICE TO COMMISSIONER. The commissioner may by rule require that any
15 action taken by the board of a mutual holding company, or the board of any
16 intermediate stock holding company, on any of the subjects specified in ss. 181.04 (15)
17 and ~~181.19~~ 181.0302 (11) to (14) be reported to the commissioner within 30 days after
18 the action is taken.

19 SECTION 1u. 644.26 of the statutes, as created by 1997 Wisconsin Act 227, is
20 repealed and recreated to read:

21 **644.26 Transfer of business or assets of mutual holding companies. (1)**
22 A sale, lease, exchange or other disposition of less than substantially all of the
23 property and assets of a mutual holding company, and the mortgage or pledge of any
24 or all property and assets of a mutual holding company, whether or not made in the
25 usual and regular course of its affairs, may be made upon the terms and conditions



Ens. 6-17 cont'd 283

1 authorized by the mutual holding company's board of directors. Unless otherwise
2 provided by the articles of incorporation, consent of the members is not required for
3 a sale, lease, exchange or other disposition of property, or for a mortgage or pledge
4 of property, authorized under this subsection. ✓

5 (2) A sale, lease, exchange or other disposition of property and assets under
6 sub. (1) ✓ may be authorized only in the following manner:

7 (a) If the articles of incorporation give members the right to vote on the sale,
8 lease, exchange or other disposition of all or substantially all of the mutual holding
9 company's property and assets, the board of directors shall adopt a resolution
10 recommending the sale, lease, exchange or other disposition and directing that it be
11 submitted to a vote at an annual or special meeting of the members. Written notice
12 stating that the purpose, or one of the purposes, of the meeting is to consider the sale,
13 lease, exchange or other disposition of all, or substantially all, of the property and
14 assets of the mutual holding company shall be given to each member entitled to vote
15 at the meeting, within the time and in the manner provided by this chapter for
16 providing notice of member meetings. At the meeting, the members may authorize
17 the sale, lease, exchange or other disposition and may authorize the board of
18 directors to fix any or all of the terms and conditions of the sale, lease, exchange or
19 other disposition. The authorization shall be by the affirmative vote of at least
20 ✓ two-thirds of the members present or represented by proxy at the meeting. After the
21 authorization by a vote of the members, the board of directors, nevertheless, in its
22 discretion, may abandon the sale, lease, exchange or other disposition, subject to the
23 rights of 3rd parties under any contracts relating thereto, without further action or
24 approval by the members.



Ins 6-17 contd 3 of 3

1 (b) If the articles of incorporation do not give members the right to vote on the
2 sale, lease, exchange or other disposition of all or substantially all of a mutual
3 holding company's property and assets, the sale, lease, exchange or other disposition
4 may be authorized by the vote of the majority of the directors in office.

5 **SECTION 1v.** 644.28 (1) of the statutes, as created by 1997 Wisconsin Act 227,
6 is amended to read:

7 644.28 (1) PLAN OF DISSOLUTION. Subject to this section, ss. ~~181.50 to 181.54 and~~
8 ~~181.555~~ 181.1401 to 181.1407 apply to mutual holding companies, ~~except that the~~
9 ~~last sentence of s. 181.555 does not apply.~~

10 **SECTION 1w.** 644.28 (2) (a) of the statutes, as created by 1997 Wisconsin Act
11 227, is amended to read:

12 644.28 (2) (a) At least 60 days prior to the submission to members of any
13 proposed voluntary dissolution of a mutual holding company under s. ~~181.50~~
14 181.1401, the plan shall be filed with the commissioner. The commissioner may
15 require the submission of additional information relevant to the effect of the
16 proposed dissolution on the solvency of the converted insurance company. The
17 commissioner shall approve the dissolution unless, after a hearing, the
18 commissioner finds that dissolution of the mutual holding company would cause the
19 converted insurance company to become insolvent, would be unfair or inequitable to
20 the members of the mutual holding company or would not be in the best interests of
21 the policyholders of the converted insurance company or the public.

22 **SECTION 1x.** 644.28 (3) of the statutes, as created by 1997 Wisconsin Act 227,
23 is amended to read:

24 644.28 (3) REVOCATION OF VOLUNTARY DISSOLUTION. If the mutual holding
25 company revokes the voluntary dissolution proceedings under s. ~~181.53~~ 181.1404, a

(end of ins. 6-17)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2515/dn
PJK.....

PI
JG

→ Even though this draft is a redraft of an amendment from last session, ^{NO TP}

I made this version ~~of the bill~~ ^{in the draft} preliminary because what ~~appeared~~ ^{of} appears to me to be a conceptual problem with s. 644.26. Section 644.26 (1) specifies that a sale, lease, exchange or other disposition of *less than substantially all* of the property and assets of a mutual holding company may be made upon the terms and conditions authorized by the mutual holding company's board of directors. Subsection (2) of that section then goes on to state that a sale, lease, exchange or other disposition of property and assets *under sub. (1)* may be authorized only in the manner specified in pars. (a) and (b). Paragraph (a), however, specifies what must occur if the articles of incorporation give members the right to vote on the sale, lease, exchange or other disposition of *all or substantially all* of the mutual holding company's property and assets, and par. (b) specifies what must occur if the articles of incorporation do not give members the right to vote on the sale, lease, exchange or other disposition of *all or substantially all* of the mutual holding company's property and assets.

Since s. 644.26 (1) addresses a sale, lease, exchange or other disposition of *less than substantially all* of the property and assets of a mutual holding company, and s. 644.26 (2) appears to address a sale, lease, exchange or other disposition of *all or substantially all* of the mutual holding company's property and assets, perhaps s. 644.26 (2) (intro.) should read "A sale, lease, exchange or other disposition of all or substantially all of the mutual holding company's property and assets may be authorized only in the following manner:". In any case, even if this proposed resolution is not what is intended, something needs to be added or changed to clarify the seeming inconsistency.

Pamela J. Kahler
Senior Legislative Attorney
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1 issue to 3rd parties debt securities, stock other than voting stock and, subject to s.
2 644.15, voting stock, so long as all of the following are true:

3 SECTION 2. 644.05 (1) of the statutes is amended to read:

4 644.05 (1) POWERS. ~~Section 181.04~~ Subject to s. 644.19 (2) and (3), s. 181.0302
5 (intro.), (1) to (15), (18) and (19) applies to mutual holding companies.

6 SECTION 3. 644.05 (2) of the statutes is amended to read:

7 644.05 (2) EFFECT OF UNAUTHORIZED CORPORATE ACTS. ~~Section 181.057 (1) and~~
8 ~~(2) 181.0304~~ applies to mutual holding companies, except that, for purposes of this
9 subsection, "attorney general" used in s. 181.0304 (3) means "commissioner".

10 SECTION 4. 644.05 (3) of the statutes is repealed.

11 SECTION 5. 644.05 (4) of the statutes is amended to read:

12 644.05 (4) WAIVER OF NOTICE AND INFORMAL ACTION BY MEMBERS OR DIRECTORS.
13 ~~Sections 181.70 and 181.72~~ 181.0704, 181.0706, 181.0821 and 181.0823 apply to
14 mutual holding companies. For purposes of this subsection, "board" used in s.
15 181.0821 includes "committee of the board of a mutual holding company".

16 SECTION 6. 644.08 of the statutes is amended to read:

17 644.08 **Reservation of corporate name.** ~~Section 181.07~~ applies Sections
18 181.0402 and 181.0403 (2), (3) and (3m) apply to mutual holding companies.

19 SECTION 7. 644.09 (1) (intro.) of the statutes is amended to read:

20 644.09 (1) ARTICLES. (intro.) ~~Section 181.31~~ 181.0202 applies to the articles of
21 a mutual holding company, except that all of the following apply:

22 SECTION 8. 644.09 (1) (a) of the statutes is amended to read:

23 644.09 (1) (a) The name of the mutual holding company shall include the word
24 "mutual" and shall comply with s. ~~181.06 (3)~~ 181.0401 (2) to (4).

25 SECTION 9. 644.09 (2) of the statutes is amended to read:

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2515/P1dn
PJK:jlg:hmh

March 23, 1999

Even though this draft is a redraft of an amendment from last session, I made this version preliminary because of what appears to me to be a conceptual problem with s. 644.26 in the draft. Section 644.26 (1) specifies that a sale, lease, exchange or other disposition of *less than substantially all* of the property and assets of a mutual holding company may be made upon the terms and conditions authorized by the mutual holding company's board of directors. Subsection (2) of that section then goes on to state that a sale, lease, exchange or other disposition of property and assets *under sub. (1)* may be authorized only in the manner specified in pars. (a) and (b). Paragraph (a), however, specifies what must occur if the articles of incorporation give members the right to vote on the sale, lease, exchange or other disposition of *all or substantially all* of the mutual holding company's property and assets, and par. (b) specifies what must occur if the articles of incorporation do not give members the right to vote on the sale, lease, exchange or other disposition of *all or substantially all* of the mutual holding company's property and assets.

Since s. 644.26 (1) addresses a sale, lease, exchange or other disposition of *less than substantially all* of the property and assets of a mutual holding company, and s. 644.26 (2) appears to address a sale, lease, exchange or other disposition of *all or substantially all* of the mutual holding company's property and assets, perhaps s. 644.26 (2) (intro.) should read "A sale, lease, exchange or other disposition of all or substantially all of the mutual holding company's property and assets may be authorized only in the following manner:". In any case, even if this proposed resolution is not what is intended, something needs to be added or changed to clarify the seeming inconsistency.

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1 644.09 (4) PRINCIPAL OFFICERS. ~~Section 181.25 (1) and (2)~~ applies Sections
2 181.0840 and 181.0841 apply to mutual holding companies.

3 **SECTION 12.** 644.14 (1) of the statutes is amended to read:

4 644.14 (1) COMMUNICATION TO MEMBERS; MEMBER VOTING. Subject to this section,
5 ss. 611.41, 611.42 (1), ~~(1e), (1m)~~, (2), (3), (4) (a) and (5), 611.43 and 611.53 (2) apply
6 to mutual holding companies.

7 **SECTION 13.** 644.16 (1) of the statutes is amended to read:

8 644.16 (1) BOARD OF DIRECTORS. Subject to this section, ss. ~~181.18, 181.21~~
9 181.0801 (1) and (2), 181.0802, 181.0811, 611.51 (2), (3), (5) and (8) and 611.53 (1) and
10 (3) apply to mutual holding companies. Section ~~181.22~~ 181.0824 applies to the board
11 of a mutual holding company except as modified by s. ~~181.225~~ 611.10. The board
12 shall manage the business and affairs of the corporation and may not delegate its
13 power or responsibility to do so, except to the extent authorized by ss. ~~181.23 and~~
14 ~~181.25 (2)~~ 181.0825 and 181.0841.

15 **SECTION 14.** 644.16 (2) of the statutes is amended to read:

16 644.16 (2) COMMITTEES OF DIRECTORS. Section ~~181.23~~ 181.0825 applies to
17 mutual holding companies.

18 **SECTION 15.** 644.16 (3) (a) of the statutes is amended to read:

19 644.16 (3) (a) Section 611.51 (9) ~~(a)~~ (am) and (b) applies to mutual holding
20 companies.

21 **SECTION 16.** 644.16 (4) of the statutes is amended to read:

22 644.16 (4) DIRECTOR CONFLICTS OF INTEREST. Section ~~181.225~~ 611.60 applies to
23 mutual holding companies.

24 **SECTION 17.** 644.17 of the statutes is amended to read:

**LaFollette
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TELEFAX TRANSMITTAL COVER PAGE

DATE: April 15, 1999

TIME: 12:24 PM

TO: Pam Kahler - 264-8522

FROM: Noreen Parrett

NUMBER OF PAGES TRANSMITTED (INCLUDING THIS COVER SHEET): 2

MESSAGE: Pam, here's our suggested change to page 6, lines 14 and 15 of the ch. 644 trailer bill, LRB/2515/P1 in response to your March 23, 1999 drafting note. As we discussed, ~~the~~ same change needs to be made to sec. 611.78(1m)(b)(intro) as well.

If you have any questions, give me a call. My direct line is 284-2615.

If you have any problems with this transmission or do not receive all of the pages please call Julie Sylvester at (608) 257-3911 as soon as possible.

THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone (collect) and return the original message to us at the above address via the U.S. Postal Service. Thank you.

of a mutual holding company may be made upon such terms and conditions as

1 intermediate stock holding company, on any of the subjects specified in ss. 181.04(15)
2 and 181.19 s. 181.0302 (11) to (14) be reported to the commissioner within 30 days
3 after the action is taken.

4 SECTION 20. 644.26 of the statutes is repealed and recreated to read:

5 **644.26 Transfer of business or assets of mutual holding companies. (1)**

6 A sale, lease, exchange or other disposition of less than substantially all of the
7 property and assets of a mutual holding company, and the mortgage or pledge of any
8 or all property and assets of a mutual holding company, whether or not made in the
9 usual and regular course of its affairs, may be made upon the terms and conditions
10 authorized by the mutual holding company's board of directors. Unless otherwise
11 provided by the articles of incorporation, consent of the members is not required for
12 a sale, lease, exchange or other disposition of property, or for a mortgage or pledge
13 of property, authorized under this subsection.

all or substantially
all of the

14 (2) A sale, lease, exchange or other disposition of property and assets ~~under~~
15 ~~may~~ may be authorized ~~in~~ in the following manner:

16 (a) If the articles of incorporation give members the right to vote on the sale,
17 lease, exchange or other disposition of all or substantially all of the mutual holding
18 company's property and assets, the board of directors shall adopt a resolution
19 recommending the sale, lease, exchange or other disposition and directing that it be
20 submitted to a vote at an annual or special meeting of the members. Written notice
21 stating that the purpose, or one of the purposes, of the meeting is to consider the sale,
22 lease, exchange or other disposition of all or substantially all of the property and
23 assets of the mutual holding company shall be given to each member entitled to vote
24 at the meeting, within the time and in the manner provided by this chapter for
25 providing notice of member meetings. At the meeting, the members may authorize

DRAFT
L&S 4/2/99

AMENDMENT TO SEC 644.26(2), STATS.

SECTION 1. Sec. 644.26(2)(intro) is amended as follows:

(2) A sale, lease, exchange or other disposition of all, or substantially all, of the property and assets under sub. (1) of a corporation may be made upon such terms and conditions as may be authorized only in the following manner:

#54844

1 the members of the mutual holding company or would not be in the best interests of
2 the policyholders of the converted insurance company or the public.

3 SECTION 23. 644.28 (3) of the statutes is amended to read:

4 644.28 (3) REVOCATION OF VOLUNTARY DISSOLUTION. If the mutual holding
5 company revokes the voluntary dissolution proceedings under s. ~~181.53~~ 181.1404, a
6 copy of the resolution revoking the voluntary dissolution proceedings adopted under
7 s. ~~181.53~~ 181.1404 shall be filed with the commissioner.

8 SECTION 24. 644.28 (4) of the statutes is amended to read:

9 644.28 (4) FILING AND RECORDING ARTICLES OF DISSOLUTION AND EFFECT THEREOF.
10 Upon approval by the commissioner under sub. (2) and by the members under s.
11 ~~181.50~~ 181.1401, the mutual holding company shall file articles of dissolution with
12 the commissioner. When the articles are filed, the existence of the mutual holding
13 company shall cease, except for the purpose of suits, other proceedings and
14 appropriate corporate action of members, directors and officers as provided in this
15 chapter and in ss. ~~181.50 to 181.54 and 181.555~~ 181.1401 to 181.1407. Upon the
16 filing of the articles, the commissioner may issue a certificate of dissolution.

17 SECTION 25. 644.29 of the statutes is amended to read:

18 **644.29 Involuntary dissolution of domestic mutual holding companies.**

19 A mutual holding company may at any time during a voluntary dissolution under ss.
20 ~~181.51 to 181.555~~ 181.1401 to 181.1407 apply to the commissioner to have
21 dissolution continued under the commissioner's supervision, in which case, subject
22 to this section, ~~s. 181.56 (1) and (2) applies to the mutual holding company except~~
23 ~~that for purposes of this section "attorney general" means the commissioner.~~ Any
24 distribution to members shall be limited in the same manner as under s. 644.28 (5)



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-2515/2
PJK:jlg:hmh

(I can redraft
make to a /P2 but
this can be
a /1
instead.)

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

D-note

regenerate ↓

1 AN ACT *to repeal* 644.05 (3); *to amend* 644.04 (3) (intro.), 644.05 (1), 644.05 (2),
2 644.05 (4), 644.08, 644.09 (1) (intro.), 644.09 (1) (a), 644.09 (2), 644.09 (3),
3 644.09 (4), 644.14 (1), 644.16 (1), 644.16 (2), 644.16 (3) (a), 644.16 (4), 644.17,
4 644.18, 644.19, 644.28 (1), 644.28 (2) (a), 644.28 (3), 644.28 (4) and 644.29; and
5 *to repeal and recreate* 644.26 of the statutes; **relating to:** conforming the
6 mutual insurance holding company provisions to changes made in the nonstock
7 corporation provisions.

Analysis by the Legislative Reference Bureau

~~This is a preliminary draft. An analysis will be provided in a later version.~~

Insert
A →

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

8 SECTION 1. 644.04 (3) (intro.) of the statutes is amended to read:
9 644.04 (3) (intro.) ~~Subject to s. 611.33, the~~ The converted insurance company,
10 subject to s. 611.33, and any intermediate stock holding company may thereafter

Insert 1-8 ✓

1 644.09 (2) AMENDMENT OF ARTICLES. A mutual holding company may amend its
2 articles in the manner provided in ss. ~~181.35 to 181.37 and 181.39~~ 181.1001,
3 181.1002 (1), 181.1003, 181.1005 and 181.1006, except that papers required by those
4 sections to be filed with the department of financial institutions shall instead be filed
5 with the commissioner. The articles may be amended in any desired respect,
6 including substantial changes of its original purposes, except that no amendment
7 may be made that is contrary to sub. (1). In addition to the requirements of s. ~~181.37~~
8 181.1005, the articles of amendment of a mutual holding company shall, if mail
9 voting is used, state the number of members voting by mail and the number of such
10 members voting for and against the amendment. No amendment may become
11 effective until the articles of amendment have been filed with the commissioner. No
12 amendment shall affect any existing cause of action in favor of or against such
13 mutual holding company, any ~~pending suit~~ civil, criminal, administrative or
14 investigatory proceeding to which the mutual holding company is a party or the
15 existing rights of persons other than members. In the event that the corporate name
16 is changed by amendment, no suit brought by or against such mutual holding
17 company under its former name shall abate for that reason.

18 **SECTION 10.** 644.09 (3) of the statutes is amended to read:

19 644.09 (3) BYLAWS. The bylaws of a mutual holding company shall comply with
20 this chapter. A copy of the bylaws and any amendments to the bylaws shall be filed
21 with the commissioner within 60 days after adoption. Subject to this subsection, ~~s.~~
22 ~~181.13~~ applies ss. 181.0206, 181.0207 and 181.1021 apply to mutual holding
23 companies.

24 **SECTION 11.** 644.09 (4) of the statutes is amended to read:

1 **644.17 Removal of officers.** ~~Section 181.26 applies~~ Sections 181.0843 and
2 181.0844 apply to mutual holding companies.

3 **SECTION 18.** 644.18 of the statutes is amended to read:

4 **644.18 Directors' and officers' liability and indemnification.** (1)
5 **LIABILITY.** ~~Sections 181.283 to 181.29~~ 181.0850 to 181.0855, except s. 181.0855(2)(c),
6 apply to mutual holding companies.

7 (2) **INDEMNIFICATION.** ~~Sections 181.041 to 181.051~~ 181.0871 to 181.0881 and
8 181.0889 apply to mutual holding companies.

9 (3) **INSURANCE.** Section ~~181.053~~ 181.0883 applies to mutual holding companies.

10 (4) **DERIVATIVE ACTIONS.** ~~Section 181.295 applies~~ Sections 181.0740 to 181.0747
11 apply to mutual holding companies.

12 **SECTION 19.** 644.19 of the statutes is amended to read:

13 **644.19 Executive compensation.** (1) **GENERAL.** ~~Sections 181.19 and Section~~
14 611.63 (4) and (5) apply ~~applies~~ to mutual holding companies.

15 (2) **APPROVAL BY MEMBERS.** A benefit plan or amendment to a benefit plan that
16 proposes to provide benefits in the form of stock or stock options of a converted
17 insurance company or any intermediate stock holding company to the directors or
18 officers of the converted insurance company, intermediate stock holding company or
19 mutual holding company may not take effect unless it is submitted to a vote of the
20 members of the mutual holding company and approved by a majority of the members
21 voting. Notice of a meeting at which a vote under this subsection will be taken shall
22 be given in accordance with s. ~~181.15, as provided in s. 644.14 (1), or in accordance~~
23 with s. 644.14 (2).

24 (3) **NOTICE TO COMMISSIONER.** The commissioner may by rule require that any
25 action taken by the board of a mutual holding company, or the board of any

1 the sale, lease, exchange or other disposition and may authorize the board of
2 directors to fix any or all of the terms and conditions of the sale, lease, exchange or
3 other disposition. The authorization shall be by the affirmative vote of at least
4 two-thirds of the members present or represented by proxy at the meeting. After the
5 authorization by a vote of the members, the board of directors, nevertheless, in its
6 discretion, may abandon the sale, lease, exchange or other disposition, subject to the
7 rights of 3rd parties under any contracts relating thereto, without further action or
8 approval by the members.

9 (b) If the articles of incorporation do not give members the right to vote on the
10 sale, lease, exchange or other disposition of all or substantially all of a mutual
11 holding company's property and assets, the sale, lease, exchange or other disposition
12 may be authorized by the vote of the majority of the directors in office.

13 **SECTION 21.** 644.28 (1) of the statutes is amended to read:

14 644.28 (1) PLAN OF DISSOLUTION. Subject to this section, ss. ~~181.50 to 181.54 and~~
15 ~~181.555~~ 181.1401 to 181.1407 apply to mutual holding companies, ~~except that the~~
16 ~~last sentence of s. 181.555 does not apply.~~

17 **SECTION 22.** 644.28 (2) (a) of the statutes is amended to read:

18 644.28 (2) (a) At least 60 days prior to the submission to members of any
19 proposed voluntary dissolution of a mutual holding company under s. ~~181.50~~
20 181.1401, the plan shall be filed with the commissioner. The commissioner may
21 require the submission of additional information relevant to the effect of the
22 proposed dissolution on the solvency of the converted insurance company. The
23 commissioner shall approve the dissolution unless, after a hearing, the
24 commissioner finds that dissolution of the mutual holding company would cause the
25 converted insurance company to become insolvent, would be unfair or inequitable to

1 and any excess over such amounts shall be paid into the state treasury to the credit
2 of the common school fund.

3 (END)

D-note



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson
Governor

Connie L. O'Connell
Commissioner

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DATE: September 30, 1999

TO: Pam Kahler
Legislative Reference Bureau

FROM: Eileen Mallow *Eileen*
Office of the Commissioner of Insurance

SUBJECT: LRB-0203/P2

Thanks for the timely drafting of our requested changes to the security fund statutes.

In the draft, you asked for additional information from the agency on the following items:

1. The second initial applicability language is correct as drafted with liquidation orders entered on the effective date.
2. s.646.13(3)(c)1. is correct as drafted.
3. s. 646.13(3)(a) and (b) are correct as drafted.
4. s. 646.31 (3)(c) is correctly drafted.

In addition, we have identified several additional drafting changes we would like incorporated into this bill. I have attached LRB-2515/1 technical changes to the mutual holding company law for incorporation into LRB-0203/P2. I have also attached a copy of a memo from Fred Nepple with a number of other technical changes we would also like added to LRB-0203/P2. Finally, an amendment to s. 632.47 is also attached.

Thank you for your assistance. Please let me know if you have any questions. I can be reached at 6-7843.

attach

*incorporate instructions
for 2515*



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson
Governor
Connie L. O'Connell
Commissioner

July 29, 1999

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To: Pam Kahler, Attorney, Legislative Reference Bureau

From: Fred Nepple, General Counsel

Subject: Additions to combined drafts-0203/P1; 0204/P1

In addition to the incorporation of the above drafts into a single draft OCI would like to add several other items to the combined draft. Again Eileen Mallow (266-7843) is coordinating this legislation for the office. Please contact Eileen Mallow with any questions. Eileen will refer you to an attorney or other OCI staff if necessary.

The additions are as follows:

4-note

1 Revocation of agent licenses following suspension

Analysis

Under current law the office must suspend an insurance intermediary's license if the individual fails to pay support for a child or former spouse, fails to respond to a subpoena or warrant from the department of workforce development or a child support agency or fails to provide a social security number or federal employer identification number. The suspension is permanent unless the individual comes into compliance within 60 days. This legislation provides that rather than permanent suspension the license is revoked after 60 days.

Draft:

Section 628.10 (2) (e) is created to read:

628.10 (2) (e) If an intermediary whose license has been suspended or limited under par. (c) or (d) does not come in compliance, or correct a delinquency, within 60 days, the license is revoked and the intermediary may be relicensed only after satisfying all requirements under s. 628.04.

*✓
w/ 4/20
note*

2. Clarification that failure to comply with continuing education requirements results in automatic suspension of a license.

Analysis

The legislation makes it clear that suspension of an intermediary license is automatic, without a hearing, for failure to meet continuing education requirements.

Draft

Section 628.10 (2) (a) is amended to read:

need a date or pt - time

628.10(2)(a) For failure to comply with continuing education requirements. The ~~commissioner may by order suspend the license of any intermediary who fails to produce evidence of compliance with continuing education standards set by the commissioner~~ is suspended. If an intermediary whose license has been suspended under this paragraph produces evidence of compliance within 60 days after the date on which the license is suspended, the commissioner shall reinstate the license effective on the date of suspension. If such an intermediary does not produce evidence of compliance within 60 days, the license is revoked and the intermediary may be relicensed only after satisfying all requirements under s. 628.04.

✓ **3. "True group" requirement for life insurance repealed.**

Analysis

Under current law no group life insurance policy may be issued in a group unless the group is formed for a purpose unrelated to purchasing insurance. This legislation repeals that restriction. No other group insurance product is currently subject to such a requirement. *not true 601.01(1)(6)4.*

Draft

Section 632.55 is repealed.

✓ **4. Immediate effective date for registered agent changes.**

Analysis

Under current law licensed insurers may change registered agents only on January 1. This legislation will allow change at any time.

Draft

Section 601.715 (2) (b) is amended to read:

601.715(2)(b) An authorized insurer may change its registered agent no more than one time per year. ~~Any change of registered agent is effective on January 1 of the year following the delivery of the statement under par. (a).~~

✓ **5. Prohibition of bonuses for life agents repealed.**

Analysis

Under current law a life insurer may not pay a bonus, prize or award as a result of a competition among insurance intermediaries. This legislation repeals that prohibition.

Draft

Section 628.77 is repealed.

July 29, 1999

Page 3

→ **6. Clarification of authority to retain experts at the expense of insurers for examinations or review of acquisitions.**

Analysis

Under current law the office may require an insurer to pay the cost of an examination and may require a person acquiring control of an insurer to retain experts to prepare reports for the commission at the acquires expense. This legislation makes it clear the commissioner may directly employ experts for the purpose of examination or review of an acquisition and require the acquiring person or insurer to pay the expense.

Draft:

Section 601.42 (7) is created to read:

D-note
601.42 (7) The commissioner may employ experts to assist the commissioner in an examination or in the review of any transaction subject to approval under chs. 600 to 646. The insurer or the person attempting to acquire, acquiring or controlling the insurer shall pay the costs incurred by the commissioner for the expert and related expenses.

Sections 601.43 (3) and (4) are amended to read:

601.43 (3) Audits or actuarial evaluations. In lieu of all or part of an examination under subs. (1) and (2), or in addition to it, the commissioner may order an independent audit by certified public accountants, ~~or~~ actuarial evaluation by actuaries, or other evaluation by an expert approved by the commissioner of any person subject to the examination requirement. Any accountant-~~or~~, actuary or expert selected is subject to rules respecting conflicts of interest promulgated by the commissioner. Any audit or evaluation under this section is subject to s. 601.44, so far as appropriate.

(4) Alternatives to examination. In lieu of all or part of an examination under this section, the commissioner may accept the report of an audit already made by certified public accountants-~~or~~, actuarial evaluation by actuaries or evaluation by an expert approved by the commissioner, or the report of an examination made by the insurance department of another state or of the examination by another government agency in this state, the federal government or another state.

✓ **7. Additional authority for the commissioner to limit investments in subsidiaries.**

Analysis

Under current law insurers are authorized to invest in subsidiaries. The amount of the investment is not limited unless the commissioner adjusts capital requirements to limit the level of investments that may be made in a subsidiary. This legislation makes it clear the commissioner may adopt standards limiting the amount of investment in a subsidiary.

Draft

611.26(1)) Insurance subsidiaries. An insurance corporation may form or acquire subsidiaries to do any lawful insurance business. There is no limit on the amount of investment in such subsidiaries except the commissioner may by order or rule establish a limit and that for purposes of ss. 623.11 and 623.12, the total value of the outstanding shares of such a subsidiary shall be deemed to equal the amount of surplus possessed by the subsidiary in excess of its security surplus, as determined by the commissioner under s. 623.12.

✓ **8. Exception from the hearing required for review of transfer of control of an insurer without change in ultimate controlling party.**

Analysis

Under current law control of an insurer may be transferred only after the commissioner approves the transfer. The commissioner is require to hold a hearing prior to approving or disapproving the transfer of control. This legislation allows the commissioner to approve or disapprove a transfer within a holding company system without a hearing.

Draft

Section 611.72 (3) (intro) is created to read:

611.72(3) (intro.) Grounds for disapproval. The commissioner shall approve the plan if the commissioner finds, after a hearing, unless a hearing is not required under sub. (5), that it would not violate the law or be contrary to the interests of the insureds of any participating domestic corporation or of the Wisconsin insureds of any participating nondomestic corporation and that:

Section 611.72 (5) is created to read:

611.72 (5) TRANSFER OF CONTROL WITHIN A HOLDING COMPANY SYSTEM. A hearing is not required under sub. (3) if the proposed acquirer is, or merger is with, an affiliate of the insurer, and the proposed transfer of control or merger does not change the ultimate controlling person of the insurer.

✓ **9. Clarification that the commissioner may exchange confidential information with other regulators and law enforcement authorities.**

Analysis

Under current law the commissioner may exchange information obtained in the course of examination of insurer for the purpose of carrying out the commissioner's regulatory functions. Current law gives the commissioner the right to keep such exchanges of information confidential and privileged. This legislation makes it clear that the commissioner may keep confidential and privileged information which it shares with international, federal or state regulatory authorities or law enforcement agencies.

a-note
↓

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D-note
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The National Association of Insurance Commissioner's requires, as part of its "accreditation" program, that state insurance departments share examination information with other state insurance departments. In addition financial institutions regulated by other state or federal regulators are increasingly affiliating with insurers, requiring close coordination and confidential communication of information. Information must be exchanged on a confidential basis with all levels of law enforcement agencies.

Draft

Section 601.465 (3) (intro.) is amended to read:

601.465 (3) (intro.) Testimony, reports, records and information that are obtained by the office from, or provided by the office to, any of the following, under a pledge of confidentiality or for the purpose of assisting in the conduct of an investigation or examination:

Section 601.465 (3) (e) and (f) are created to read:

601.465 (3) (d) An international, federal, state or local government regulatory or law enforcement agency.

(d) An agent or employe of an agency described under par. (e).

10. Clarification that medicare + choice plans are subject to standards applied to medicare related products.

Analysis

Under current law medicare + choice plans are subject to standards applied to medicare replacement products. This legislation provides additional statutory authority for applying medicare replacement minimum standards to medicare + choice products.

Draft

600.03(28p) "Medicare replacement policy" means all of the following:

(a) A medicare+choice plan or a contract with a medicare + choice organization as defined under 42 U.S.C. 1395w-28.


~~a(b)~~ A disability insurance policy or certificate issued to a resident of this state pursuant to a contract between the federal health care financing administration and a federally qualified health maintenance organization or a federally certified competitive medical plan to provide health care benefits to persons eligible for medicare under 42 USC 1395f, 1395x and 1395mm.

(c) A plan, contract or policy that the commissioner by rule determines is similar to, or as supplementing or replacing, the programs described under par. (a) or (b).

↑ wouldn't it be a med supp if it supplement?

AMENDMENT TO SEC. 632.47, STATS.

Section 632.47(3) is created to read:



(3) **Annuities.** Assignment may be expressly prohibited by a group contract providing annuities as retirement benefits and by annuity contracts subject to transferability restrictions under any federal or state tax, employee benefits or securities laws.