

1985 Assembly Bill 594

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## 1985 Wisconsin Act 215

AN ACT to renumber 611.76 (6) and 611.76 (7); to amend 611.76 (3) (c) and 611.76 (4) (e); to repeal and recreate 611.76 (4) (bm) and (d); and to create 611.76 (4) (dm), 611.76 (4) (f), 611.76 (6) (b) and (c) and 611.76 (7) (b) of the statutes, relating to conversion of mutual life insurance companies to stock life insurance companies and granting rule-making authority.

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

SECTION 1. 611.76 (3) (c) of the statutes, as affected by 1985 Wisconsin Act 29, is amended to read:

611.76 (3) (c) *Appraisal.* The commissioner shall appoint an appraisal committee, consisting of at least 3 qualified and disinterested persons with differing kinds of training, to determine the value of the corporation as of the date of the resolution in sub. (2) or, if sub. (4m) applies, as of the date of conversion. Members of the committee shall receive reasonable compensation and shall be reimbursed for reasonable expenses in discharging their duties. They may, as reasonably necessary, employ consultants to advise them on technical problems of the appraisal. The appraisal committee shall consider the assets and liabilities of the corporation, adjusting liabilities to take account of the amounts of any reserves in excess of or below realistic estimates, the value of the marketing organization, the value of goodwill, the going-concern value and any other factor having an influence on the value of the corporation, including, in the case of a mutual life insurance company, the estimated amount needed to continue to maintain dividend scales on policies under s. 632.62 (4) (b) at the same level after conversion as before conversion.

SECTION 2. 611.76 (4) (bm) and (d) of the statutes are repealed and recreated to read:

611.76 (4) (bm) Notwithstanding par. (b), that each person who was a policyholder of a mutual life insurance company on the date of the resolution under sub. (2) or within 5 years prior to that date shall be entitled to an equitable share based on a formula which fairly reflects the policyholder's interest in the company and the policies and contracts issued by the company to the policyholder, and which takes into account premiums paid, cash surrender values, policy loans, reserves, surplus, benefits payable and other relevant factors; and that the equitable share shall be provided to the policyholders on a uniform basis approved by the commissioner in the form of common stock, cash, increased benefits, lower premiums or a combination of those forms;

(d) That no common stock under par. (b) or (dm) may be issued to persons other than the policyholders under par. (b) or the corporation under par. (dm) until all subscriptions by the policyholders and corporation, respectively, have been filled and that thereafter any new issue of stock for 5 years after the conversion shall first be offered to the persons who have become shareholders under par. (b) or (dm) in proportion to their interests under par. (b) or (dm);

SECTION 3. 611.76 (4) (dm) of the statutes is created to read:

611.76 (4) (dm) Notwithstanding par. (b), whether the shares of common stock representing the equitable shares of the policyholders of a mutual life insurance company may, with the approval of the commissioner, be issued to a corporation organized under ch. 180 with the policyholders to be stockholders of the corporation and, if so issued, that each policyholder is entitled to his or her equitable share calculated under par. (bm) in shares of common stock of the corporation;

SECTION 4. 611.76 (4) (e) of the statutes is amended to read:

611.76 (4) (e) That no policyholder, other than a policyholder of a mutual life insurance company, may receive a distribution of shares valued in excess of the amount to which he or she is entitled under s. 645.72 (4). Any excess over that amount shall be distributed in shares to the state treasury for the benefit of the common school fund. After 5 years the shares may be sold by the treasurer at his or her discretion and the proceeds credited to the common school fund; and

SECTION 5. 611.76 (4) (f) of the statutes is created to read:

611.76 (4) (f) Except with the approval of the commissioner, that during the first 5 years after the conversion the directors and officers of a mutual life insurance company and persons acting in concert with them may not, in the aggregate, acquire control over more than 5% of the common stock of the converted stock life insurance company, the corporation formed under par. (dm) or any other corporation which acquires control of more than 5% of the common stock of either the converted stock life insurance company or the corporation formed under par. (dm).

SECTION 6. 611.76 (6) of the statutes, as affected by 1985 Wisconsin Act 29, is renumbered 611.76 (6) (a).

SECTION 7. 611.76 (6) (b) and (c) of the statutes are created to read:

611.76 (6) (b) With regard to a mutual life insurance company, the notice, the plan or a summary of the plan, and any comments under par. (a) shall also be mailed to the commissioner of every jurisdiction in which the mutual life insurance company is authorized to do any business.

(c) Any policyholder under par. (a) and any commissioner under par. (b) may present written or oral statements at the hearing and may present written statements within a period after the hearing specified by the commissioner. The commissioner shall take statements presented under this paragraph into consideration in making the determination under sub. (7).

SECTION 8. 611.76 (7) of the statutes is renumbered 611.76 (7) (a).

SECTION 9. 611.76 (7) (b) of the statutes is created to read:

611.76 (7) (b) In determining the interests of the policyholders and the public, the commissioner shall consider whether the reorganization would be detrimental to the safety and soundness of the insurer or the contractual rights and reasonable expectations of the persons who are policyholders on or before the effective date of the reorganization. The commissioner shall also take into consideration any conclusions and recommendations on the subject of such reorganizations published by recognized organizations of professional life insurance actuaries. The commissioner may by rule establish standards applicable to such reorganizations.