Comparison of Mutual Insurance Holding Company Provisions in Ohio and Nebraska

Provision	Ohio (ORC §§ 3913.25 to 3913.40)	Nebraska (NRS §§ 44-6122 to 44-6142)
Type of converting insurer	Domestic or foreign mutual insurer. § 3913.25 and § 3913.26.	Domestic mutual insurer. § 44-6125(1).
Methods of conversion	A mutual insurer, by itself or together with one or more mutual insurers pursuant to a joint reorganization plan, may reorganize into an MHC structure. § 3913.26(A).	1. Formation of new MHC based on mutual plan and conversion of mutual insurer into stock insurer; or 2. Merger of p/h membership interests into existing MHC and conversion of mutual insurer into stock insurer. § 44-6125(1) and (2).
Intermediate stock holding company	Expressly permitted. § 3913.26(C).	Expressly permitted. § 44-6125(3).
Board of directors approval	Plan must be adopted by the affirmative vote of not less than 2/3 of the board members. § 3913.26(B)(1).	Plan must be approved by a vote of 2/3 of the board members of the mutual insurer. § 44-6126(9).
Approval by policyholders	Plan must be approved by majority of p/hs voting in person or by proxy at p/hs' meeting. § 3913.37.	Plan must be approved by 2/3 of p/hs voting in person or by proxy at special meeting. § 44-6129.
Notice of policyholders meeting	30 days notice shall be given before meeting. § 3913.27(B).	30 days notice shall be given before meeting. If plan is to be voted upon at annual meeting, only one combined notice of meeting is required. § 44-6129(1) and (3).
Approval by insurance regulators	Superintendent shall approve or reject the plan not later than 60 days (extendable for an additional 60 days) after the later of the approval of the plan by p/hs or the close of the public hearings. § 3913.28(D). Superintendent shall approve (with assistance of experts if needed) if the adoption, approval and contents of the plan comply with the MHC Act, all documents required to be filed by the board of directors are properly filed, and	1. Director shall issue an order approving or disapproving the plan within 30 days after the close of the public hearing. § 44-6128(1). 2. Director shall not approve unless he or she finds (with assistance of experts, if needed), after mandatory public hearing that plan is fair and equitable to the p/hs, plan does not deprive p/hs of property rights or due process, and the reorganized stock insurer would

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	the plan is fair and equitable to p/hs. § 3913.28(B).	meet the minimum requirements to be issued license by the Director and the continued operations of the reorganized stock insurer would not be hazardous to future p/hs and the public. § 44-6128(2).
Public hearing and notice	Superintendent may, within 10 days after receiving the notice from the board of directors, provide written notice to the mutual insurer of the intent to conduct one or more public hearings on the plan. The first public hearing shall be held within 30 days after the Superintendent's receipt of the notice from the board. The mutual insurer shall provide notice to p/hs by causing the information to be published. § 3913.27(D). Superintendent may summon and compel the attendance and testimony of witness at all public hearings. § 3913.27(F).	The public hearing shall be conducted within 120 days of the filing of the plan, unless extended by the Director for good cause. The mutual insurer shall give such reasonable notice of the public hearing as the Director in his or her discretion may require. § 44-6127.
Requirements for plan of reorganization	The Plan must provide: 1. The incorporation of MHC; 2. The continuation of the corporate existence of the mutual insurer as a stock insurer; 3. All initial shares of voting stock of a reorganized stock insurer shall be issued to its parent MHC or IHC; 4. The membership interests of p/hs shall become membership interests in the MHC and concurrently the membership interests in the mutual insurer shall be extinguished;	The Plan must include: 1. Analysis of benefits and risks of reorganization; 2. Statement of how plan is fair and equitable; 3. Demonstration that financial condition of mutual insurer will not be diminished; 4. Immediate membership in the MHC; 5. Membership interests for future p/hs; 6. Provisions ensuring assets of the MHC available to satisfy p/h obligations of stock insurer in the event of

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	5. P/hs of the reorganized stock insurer shall become members of the MHC in accordance with articles/by-laws of the MHC; 6. The MHC shall at all times own a majority of the voting stock of the reorganized stock insurer or the IHC which shall at all times own all of the voting stock of the reorganized stock insurer; 7. The voting stock of the stock insurer to be owned by the MHC (or by the IHC) shall not be encumbered. § 3913.26(D), (E) and (F).	rehabilitation or liquidation; 7. Periodic distribution of accumulated MHC earnings; 8. Amended articles/by-laws of involved entities; 9. Certification of board approval; 10. Certification by board that plan is fair and equitable to p/hs; 11. Background information of officers and directors of the MHC; 12. Nature and content of annual report and financial statement to be sent to members of the MHC; 13. Number of the MHC board members required to be p/hs; 14. Description of any plans for sale of stock of the IHC or converted stock insurer; 15. Form of proposed notice to p/hs; 16. Any other information requested by the Director. § 44-6126.
Membership rights	P/hs of the reorganized stock insurer shall become members of MHC in accordance with articles/by-laws of the MHC. § 3913.26(E). The MHC board shall provide notice of any members'	The MHC shall provide its members with the same membership rights as were provided to p/hs of the mutual insurer immediately prior to reorganization. The reorganization shall not affect the number or identity of the p/hs who may become members of the MHC, or

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	meeting to amend articles in newspaper at least 30 days prior to the meeting; such amendment may be adopted only by a vote of at least 3/5 members present and voting at the meeting. § 3913.29(A).	secure for individuals comprising management any unfair advantage through the reorganization. § 44-6125(4).
Dividend practices	Not addressed.	The MHC shall provide its members with the same membership rights as were provided to p/hs of the mutual insurer prior to reorganization. § 44-6125(4).
Limits on accumulation of surplus	Not addressed.	1. At least 50% of GAAP net worth of the MHC must be invested in insurers. § 44-6125(6)(f). 2. Plan must contain provisions for periodic distribution of accumulated MHC earnings. § 44-6126(7); 3. No distribution to members of the MHC may occur without Director's prior written approval that distribution is fair and equitable to p/hs as members of the MHC. § 44-6125(6)(h).
Effective date	The reorganization shall be effective upon the filing of the following documents with the secretary of state by the mutual insurer's board: a certificate of reorganization, a signed statement of the manner of the adoption of articles/by-laws, a copy of the approval of the plan from the Superintendent, and a copy of the approval of the articles by attorney general. § 3913.28(H).	The reorganization shall be effective upon issuance of a certificate of authority by the Director which will be granted after the mutual insurer has filed both a certificate stating the conditions of the plan have been satisfied and a certificate stating the p/hs' approval by 2/3 vote. § 44-6130.
Amendment and withdrawal of plan of reorganization	The mutual insurer's board may amend the plan by the affirmative vote of not less than 2/3 of the board members at any time before the mailing of the notice of the p/hs' meeting; the board may withdraw the plan by the affirmative vote of not less than 2/3 of the board members at any time before the approval of the plan by the	Approval of plan expires within 180 days if reorganization is not completed, unless extended by Director for good cause. § 44-6128. An insurer may, at any time up until the issuance of the certificate of authority, abandon the plan by not less than 2/3 votes of the board and approval by the Director. § 44-6133

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	Superintendent. § 3913.26(B).	
Requirements for ownership by mutual holding company of reorganized insurer	The MHC shall at all times own a majority of the voting stock of the reorganized stock insurer or the IHC which shall at all times own all of the voting stock of the reorganized stock insurer. § 3913.26(F).	The MHC must at all times own a majority of the voting securities of the IHC or the converted insurer. § 44-6124(3).
Demutualization of mutual holding company	The MHC may demutualize pursuant to the demutualization provisions (§ 3913.11 to § 3913.13 for life company; § 3913.20 to § 3913.23 for non-life company).	The MHC may demutualize pursuant to the Insurers Demutualization Act. § 44-6137.
Post-reorganization regulation of mutual holding company	1. Superintendent shall have jurisdiction over the MHC and the IHC to ensure that p/h interests are protected. § 3913.28(I); 2. The MHC and the IHC are deemed to be insurers subject to rehabilitation and liquidation. § 3913.35(A); 3. The MHC and the IHC may not dissolve without approval. § 3913.35(C); 4. The MHC is deemed a domestic insurer for the purpose of demutualization. § 3913.34(A); 5. For 5 years following the reorganization, no person shall acquire control of the reorganized stock insurer without the prior approval by the Superintendent of an application for acquisition filed by such person with the Superintendent. § 3913.34(C).	1. The MHC is not authorized to transact the business of insurance or to issue stock. § 44-6125(6); 2. Director shall have jurisdiction over the MHC and the IHC to ensure that p/h interests are protected. § 44-6125(6)(c); 3. The MHC and the IHC are treated as domestic insurers for purposes of demutualization, rehabilitation and liquidation, Article 2 of Chapter 44 (organization of companies) and Section 44-301 (applicability of corporate law). § 44-6125(6)(d); 4. Except with the approval of the Director, the aggregate pledges and encumbrances of the MHC's assets shall not affect more than 49% of the MHC's stock in the IHC or a reorganized stock insurer. § 44-6125(6)(e); 5. At least 50% of the net worth of the MHC (on GAAP basis) shall be invested in insurers. § 44-6125(6)(f); 6. The MHC may not dissolve without approval of the

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		Director. § 44-6125(6)(j); 7. The MHC must make an annual filing to the Director of its income statement; balance sheets; cash flows and a confidential statement of an intention, if any, to encumber its assets. Further, the MHC must be audited annually, the report of which shall be filed with the Director. § 44-6135; 8. Director will have the power to order production of the MHC's records, books and other information to ascertain the financial condition of the company. § 44-6136.
Mergers of mutual holding company	Domestic or foreign MHC may reorganize by merging its membership interests into another domestic or foreign MHC. § 3913.32(B).	Not addressed precisely, although there is precedent.
Rehabilitation and liquidation	The MHC and the IHC: 1. are deemed to be insurers; 2. are deemed to be parties to any rehabilitation and liquidation proceedings involving the reorganized stock insurer. The assets of the MHC and the IHC are deemed to be assets of the reorganized stock insurer for purposes of satisfying claims of the stock insurer's p/hs; 3. shall not be dissolved or liquidated without compliance with the rehabilitation and liquidation provisions and are deemed to be domestic insurers for such purposes. § 3913.35.	The MHC and the IHC are subject to Chapter 44, Article 2 ("Nebraska Insurers Supervision, Rehabilitation and Liquidation Act") and deemed parties to any proceeding involving the reorganized stock insurer (assets of the MHC are available to satisfy claims of reorganized insurer's p/hs). § 44-6125(6)(d) and (g).
Restrictions on stock offerings	All of the initial shares of the stock of the reorganized insurer shall be issued to the MHC or to the IHC. § 3913.26(D).	All of the initial shares of the stock of the reorganized insurer shall be issued to the MHC or to one or more IHCs. § 44-6125(3).

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	The IHC or, if there is no such company, the reorganized stock insurer, shall not issue shares of stock, in addition to those issued pursuant to the plan, without the prior approval of the MHC as its majority shareholder. The prior approval of the MHC must be evidenced by a resolution of the MHC board delivered to the IHC board or the stock insurer board prior to such issuance. § 3913.34(D).	Director's prior written approval needed for solicitation of stock of the IHC or of converted stock insurer. § 44-6125(6)(i).
Officers and directors	Unless otherwise specified in the plan, those persons who are the directors and officers of the mutual insurer on the effective date of the reorganization shall serve as the directors and officers of the reorganized stock insurer until new directors and officers are elected pursuant to the reorganized stock insurer's articles/by-laws. § 3913.30(B).	1. No success fees except as set forth in the plan. § 44-6138(1)(a). 2. Management compensation programs are not prohibited if contained in plan and approved by Director. § 44-6138(1)(b). 3. Salary, compensation and employee benefit plan restrictions of Section 44-213 apply. § 44-6138(1)(c).
Corporate governance /existence	Upon effectiveness of the plan, the corporate existence of the mutual insurer shall continue in the reorganized stock insurer. On the effective date, all assets of the mutual insurer shall be vested in the reorganized stock, and the reorganized stock insurer shall assume all liabilities of the mutual insurer. § 3913.30(A).	Converted stock insurer shall be deemed to be a continuation of the mutual insurer and to have been organized on the date the mutual insurer was originally organized. § 44-6132.
Actions and limitations	Any action challenging actions in connection with reorganization shall be commenced no later than 30 days after the effective date of the reorganization. § 3913.36.	Director may apply to the district court of Lancaster County for injunctive orders whenever it appears to the Director that any person has committed or is about to commit a violation of the MHC Act. § 44-6141; Any person affected by a final order issued pursuant to the MHC Act has the right to appeal in accordance with the Administrative Procedure Act. § 44-6131.

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Confidentiality	Not addressed.	All documents disclosed to the Director in connection with MHC reorganization, other than the notice of public hearing and notice of p/hs' meeting, shall be confidential unless the Director determines, after notice and opportunity to be heard, that the interests of p/hs, shareholders or the public will be served by the publication thereof. § 44-6140.
Purpose	Not addressed.	It is in the public interest to permit reorganization that preserves mutuality while facilitating the mutual insurer's capital raising abilities and corporate affiliations on terms fair and equitable to the mutual insurer's p/hs. § 44-6123.