

HOUSE BILL NO. 522

INTRODUCED BY T. BERRY

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A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING LAWS RELATED TO TRANSACTIONS REGARDING MONTANA FARM MUTUAL INSURERS; ALLOWING MONTANA FARM MUTUAL INSURERS TO UNDERGO MERGERS AND BULK REINSURANCE AGREEMENTS."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**NEW SECTION. Section 1. Farm mutual insurers -- merger.** (1) A domestic farm mutual insurer may

not merge or consolidate with a stock insurer.

(2) A domestic farm mutual insurer may merge or consolidate with another farm mutual insurer or another domestic mutual insurer if:

- (a) the insurers transact similar lines of business;
- (b) the insurers agree on a plan for merger or consolidation which must be submitted to all members of each insurer by ballot and approved by two-thirds of the members voting for each respective insurer; and
- (c) after submitting the plan for review and opportunity for a hearing, the commissioner shall provide written approval or denial of the merger or consolidation within a reasonable time.

(3) After opportunity for a hearing in subsection (2), the commissioner may not approve the merger or consolidation if evidence shows that it:

- (a) is inequitable to the policyholders of any domestic mutual insurer involved;
- (b) would substantially reduce the security of and service to be rendered to policyholders of the domestic mutual insurer; or
- (c) is contrary to law.

(4) Sections 33-3-217(5) and 33-3-218 also apply to mergers and consolidations of mutual insurers with a farm mutual insurer.

(5) Upon merger or consolidation of a domestic farm mutual insurer with another domestic mutual insurer under this chapter, the corporate charter of the merged or consolidated domestic farm mutual insurer must automatically be extinguished and nullified.



