

The House Committee on Insurance offers the following substitute to HB 550:

A BILL TO BE ENTITLED  
AN ACT

1 To amend Code Section 33-14-76 of the Official Code of Georgia Annotated, relating to  
2 conversion of a mutual insurer to a stock insurer, so as to provide an additional method of  
3 payment by a mutual life insurer of the equity; to repeal conflicting laws; and for other  
4 purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 **SECTION 1.**

7 Code Section 33-14-76 of the Official Code of Georgia Annotated, relating to conversion of  
8 a mutual insurer to a stock insurer, is amended by revising paragraph (6) of subsection (b)  
9 as follows:

10 "(6) The plan, as elected by the insurer and voted upon by the members, gives to each  
11 policyholder of the insurer as specified in paragraph (5) of this subsection one of the  
12 following:

13 (A)(i) A preemptive right to acquire his or her proportionate part of all of the  
14 proposed capital stock of the insurer within a designated reasonable period and to  
15 apply upon the purchase price thereof the amount of his or her equity in the insurer  
16 as determined in paragraph (4) of this subsection.

17 (ii) Shares are so offered to policyholders at a price not greater than that to be  
18 thereafter offered to others.

19 (iii) The plan provides for payment, to each policyholder not electing to apply his or  
20 her equity in the insurer for or upon the purchase price of stock to which preemptively  
21 entitled, of cash in the amount of not less than 50 percent of the amount of his or her  
22 equity not so used for the purchase of stock, which cash payment together with stock  
23 so purchased, if any, shall constitute full payment and discharge of the policyholder's  
24 equity as an owner of the mutual insurer;

25 (B)(i) Payment in cash to each policyholder of 100 percent of his or her equity in the  
26 insurer, as determined in paragraph (4) of this subsection.

27 (ii) If a life insurer, payment may be provided as a paid-up life insurance policy with  
28 a cash value equal to 100 percent of the policyholder's equity in the insurer; or  
29 (C)(i) A preemptive right to acquire a percentage of his or her proportionate part of  
30 all of the proposed capital stock of the insurer within a designated reasonable period  
31 and to apply upon the purchase price thereof that same percentage amount of his or  
32 her equity in the insurer as determined in paragraph (4) of this subsection.  
33 (ii) Shares are so offered to policyholders at a price not greater than that to be  
34 thereafter offered to others.  
35 (iii) The plan provides for payment, to each policyholder not electing to apply his or  
36 her equity in the insurer for or upon the purchase price of stock to which preemptively  
37 entitled, of cash in the amount of not less than 50 percent of the amount of his or her  
38 equity not so used for the purchase of stock, which cash payment together with stock  
39 so purchased, if any, shall constitute full payment and discharge of the policyholder's  
40 equity as an owner of the mutual insurer."

41 **SECTION 2.**

42 All laws and parts of laws in conflict with this Act are repealed.