

March 31, 2015

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1313

Page 3, line 22, replace "twenty or more than thirty-five" with "forty-five"

Page 3, line 23, after "proposed" insert "subsidiary"

Page 3, line 24, after "the" insert "stock of the"

Page 3, line 24, remove "through"

Page 3, line 25, remove "the purchase of all the stock of the converted stock company"

Page 4, line 1, replace "a majority" with "two-thirds"

Page 4, line 4, replace "a majority" with "two-thirds"

Page 4, line 23, after the underscored period insert "The application fee is in addition to other direct costs incurred by the commissioner in reviewing the proposed plan of conversion."

Page 5, line 3, remove "Immediately, the commissioner shall give written notice to the converting mutual"

Page 5, remove line 4

Page 5, line 5, remove "reasons for the decision."

Page 5, line 8, after "b." insert "The plan is fair and equitable to the converting mutual company, the members of the converting mutual company, and the eligible members of the converting mutual company;

c."

Page 5, line 8, remove the second "and"

Page 5, line 9, replace "c." with "d."

Page 5, line 9, replace the underscored period with "; and

e. The converted stock company will have the amount of capital and surplus deemed by the commissioner to be reasonable for its future solvency."

Page 5, line 14, replace "may" with "shall"

Page 5, line 18, after "7." insert "The commissioner shall give written notice of any decision to the converting mutual company and, in the event of disapproval, a detailed statement of the reasons for the decision.

8."

Page 5, line 19, after "conversion" insert "no later than forty-five days before the meeting"

Page 5, line 19, remove "briefly but fairly"

- Page 5, line 20, after the underscored comma insert "must inform the member how the proposed plan of conversion will affect the member's membership rights."
- Page 5, line 22, after the underscored period insert "The notice must provide instructions on how the member can obtain, either by mail or electronically, a full copy of the proposed plan of conversion."
- Page 5, line 25, replace "8." with "9."
- Page 5, line 26, replace "a majority" with "two-thirds"
- Page 6, line 1, replace "9." with "10."
- Page 6, line 3, replace "a majority" with "two-thirds"
- Page 6, line 5, replace "10." with "11."
- Page 6, line 9, after "approved" insert ", which must include the record of total votes cast in favor of the plan"
- Page 7, line 8, after "proposed" insert "subsidiary"
- Page 7, line 9, remove "all"
- Page 7, line 21, replace "total price" with "pro-forma market value"
- Page 8, line 2, remove "all"
- Page 9, line 2, replace "amount" with "value"
- Page 9, line 10, after "5." insert "The dollar value of a subscription right based upon the application of the Black-Scholes option pricing model or another generally accepted option pricing model. In connection with the determination of stock price volatility or other valuation inputs used in option pricing models, the qualified independent expert may assume that the attributes of the converted stock company will be substantially similar to the attributes of the stock of the peer companies used to determine the estimated pro-forma market value of the converted stock company. The term of a subscription right is a minimum of ninety days for the sole purpose of determining the value of a subscription right."
6. The plan must provide that each eligible member has the right to require the mutual company to redeem such subscription rights, in lieu of exercising the subscription rights allocated to each eligible member, at a price equal to the number of subscription rights allocated to each eligible member multiplied by the dollar value of the subscription right as determined by the qualified independent expert pursuant to subsection 4. The obligation of the mutual company to redeem subscription rights arises only upon the effective date of the plan. The redemption price payable to each eligible member must be paid to the member within thirty days of the effective date of the plan. Alternatively, the converted stock company may offer each eligible member the option of receiving the redemption amount in cash or having the redemption amount credited against future premium payments. An eligible member that does not exercise their subscription rights, and which also fails to affirmatively request redemption of the member's subscription rights before the expiration of the subscription offering, nevertheless is deemed to have requested redemption of the member's subscription rights and shall receive the redemption amount in cash in the manner otherwise provided in this subsection.

7."

Page 9, line 17, replace "6." with "8."

Page 9, line 30, replace "7." with "9."

Page 10, line 13, replace "8." with "10."

Page 10, line 23, replace "9." with "11."

Page 10, line 25, replace "10." with "12."

Page 10, line 26, replace "three" with "two"

Page 11, remove lines 9 through 29

Page 11, line 30, replace "3." with "1."

Page 12, line 13, replace "4." with "2."

Page 12, line 13, replace the first "the" with "that"

Page 12, line 14, remove ", without payment."

Page 12, remove lines 22 through 24

Page 12, line 25, replace "c." with "b."

Page 12, line 28, replace "d." with "c."

Page 15, line 24, replace "Except as provided for in a plan of conversion approved by the commissioner, a" with "A"

Re-number accordingly