

CHAPTER 521

CONSOLIDATION, MERGER, AND REINSURANCE

[P]

Securities to be deposited by foreign companies, §508.20 – 508.22, 515.70 – 515.72

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521.1 Definitions.

For the purposes of this chapter:

1. “*Affected company*” or “*affected mutual company*” means the company being merged with and into the surviving company.
2. “*Commission*” means the commission created in section 521.5.
3. “*Commissioner*” means the commissioner of insurance.
4. “*Company*” means a company or association organized under chapter 508, 511, 515, 518, 518A, or 520, and includes a mutual insurance holding company organized pursuant to section 521A.14.

[S13, §1821-m; C24, 27, 31, 35, 39, §9104; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §521.1]

89 Acts, ch 83, §75; 95 Acts, ch 185, §41; 2006 Acts, ch 1117, §98; 2007 Acts, ch 22, §91

521.2 Consolidation, merger, and reinsurance.

1. One or more domestic mutual insurance companies organized under chapter 491 may merge or consolidate with a domestic or foreign mutual insurance company as provided in this chapter. Sections 491.102 through 491.105 shall not be applicable to a merger or consolidation of a domestic mutual insurance company pursuant to this chapter.

2. One or more domestic insurance companies organized under chapter 490 may merge with a domestic or foreign insurance company as provided in chapter 490 with the approval of the commission pursuant to this chapter.

3. The provisions of this chapter shall not be applicable to the merger or consolidation of a domestic mutual company with a stock company pursuant to chapter 508B or chapter 515G.

4. A domestic insurance company shall not assume or reinsure the whole or any part of the risks of any other company, except as provided in this chapter. However, this chapter shall not be construed to prevent any company, as defined in section 521.1, from reinsuring a fractional part of any risk.

[S13, §1821-n; C24, 27, 31, 35, 39, §9105; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §521.2]

95 Acts, ch 185, §42; 2006 Acts, ch 1117, §99; 2007 Acts, ch 137, §21; 2009 Acts, ch 145, §51

521.3 Submission of plan and application to commissioner of insurance.

Any company proposing to consolidate, merge, or enter into any reinsurance contract with another company shall file a plan and an application in support of the plan with the

commissioner. The plan shall set forth the terms of the proposed contract of consolidation, merger, or reinsurance, along with any other information requested by the commissioner.

[S13, §1821-o; C24, 27, 31, 35, 39, §9106; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §521.3]

2006 Acts, ch 1117, §100

521.4 Procedure — notice.

The commission may hear and determine an application, and approve, disapprove, or require modification of a plan submitted under section 521.3 without notice and without public hearing. The commission may require a public hearing when necessary to conserve the interests of the members, policyholders, or shareholders of the affected company. In such cases the commission shall require the affected company to mail to all of its members, policyholders, or shareholders written notice of the public hearing stating that an application and plan have been filed with the commission, the nature of the plan, and the date, time, and place of the public hearing on the application and plan. The commission shall determine the number of days prior to the public hearing that notice is required to be given to the members or shareholders, which shall be no fewer than ten nor more than sixty days.

[S13, §1821-p; C24, 27, 31, 35, 39, §9107; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §521.4]

2006 Acts, ch 1117, §101

521.5 Commission created.

A commission consisting of the commissioner of insurance and the attorney general is hereby created to hear and determine the application and to approve, disapprove, or require modification of the plan prior to approval.

[S13, §1821-q; C24, 27, 31, 35, 39, §9108; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §521.5]

88 Acts, ch 1112, §702; 2006 Acts, ch 1117, §102

521.6 Examination.

The commission may examine the affairs and condition of any company as it deems proper. The commission shall have the power to summon and compel the attendance and testimony of witnesses. The commission shall have the power to compel the production of books and papers before the commission, and may administer oaths.

[S13, §1821-q; C24, 27, 31, 35, 39, §9109; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §521.6]

2006 Acts, ch 1117, §103; 2007 Acts, ch 22, §92

521.7 Appearance by members, policyholders, or shareholders.

When notice is given as provided in section 521.4, any member, policyholder, or shareholder of the affected company shall have the right to appear before the commission and be heard regarding the application and plan.

[S13, §1821-q; C24, 27, 31, 35, 39, §9110; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §521.7]

2006 Acts, ch 1117, §104

521.8 Authorization.

The commission, if satisfied that the interests of the members, policyholders, or shareholders of the affected company are properly protected and no reasonable objection to the application and plan exists, may approve, disapprove, or require modification of the proposed plan of consolidation, merger, or reinsurance prior to approval. The commission may make such order and disposition of the assets of any such company thereafter remaining as shall be just and equitable.

[S13, §1821-q; C24, 27, 31, 35, 39, §9111; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §521.8]

2006 Acts, ch 1117, §105

521.9 Unanimous decision required. Repealed by 2006 Acts, ch 1117, § 127.

521.10 Election called.

1. The commission may require an affected company to submit the plan of consolidation, merger, or reinsurance to a vote by its members. The plan shall be submitted at a meeting called for that purpose, upon not less than thirty days' notice. Member approval of the plan requires the affirmative vote of two-thirds of all members voting in person, by ballot, or by proxy.

2. Approval by the members of a mutual company of a plan of merger or reinsurance is not required if all of the following conditions are satisfied:

- a. The company will survive the merger or is the reinsurer.
- b. At the time of the merger or reinsurance, the number of members of the surviving company is greater than the number of members of the affected company.
- c. At the time of the merger or reinsurance, the surplus of the surviving company is greater than the surplus of the affected company.

[S13, §1821-q; C24, 27, 31, 35, 39, §9113; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §521.10]

2006 Acts, ch 1117, §106

521.11 Approval and filing with commissioner. Repealed by 2006 Acts, ch 1117, § 127.

521.12 Companies other than life — approval of plan. Repealed by 2006 Acts, ch 1117, § 127.

521.13 Reinsurance transactions — exemption.

Reinsurance as provided in sections 515.49, 518.17, 518A.44, and 520.21 is exempt from the requirements of this chapter.

[S13, §1821-s; C24, 27, 31, 35, 39, §9116; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §521.13]

97 Acts, ch 186, §24; 2006 Acts, ch 1117, §107

521.14 Expenses and costs — how paid.

All expenses and costs incident to proceedings under this chapter shall be paid by the company filing the application and plan.

[S13, §1821-t; C24, 27, 31, 35, 39, §9117; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §521.14]

2006 Acts, ch 1117, §108

521.15 Violations. Repealed by 2004 Acts, ch 1110, § 71.

521.16 Applicability of section 521A.3.

For an insurer subject to chapter 521A, the provisions of section 521A.3 shall also be applicable to a merger or consolidation subject to this chapter. As used in this section, "insurer" means the same as defined in section 521A.1.

95 Acts, ch 185, §43; 2006 Acts, ch 1117, §109; 2008 Acts, ch 1123, §41

521.17 Additional filing requirements — plans and articles of merger or consolidation.

A company filing a plan to merge or consolidate shall, in addition to and after meeting the requirements of this chapter, make all appropriate filings with and pay appropriate fees to the secretary of state required under chapter 490 or 491.

2006 Acts, ch 1117, §110

521.18 Articles of merger or consolidation — filing fees and approval.

A company filing a plan to merge or consolidate under the provisions of this chapter shall file its articles of merger or consolidation with the commission for its approval. The fee for filing articles of merger or consolidation with the commission is fifty dollars.

2006 Acts, ch 1117, §111