WEST VIRGINIA CODE: §33-27A-3

§33-27A-3. Conversion of mutual insurance company into stock company that is majority owned subsidiary of mutual insurance holding company.

(a) A mutual insurance company, by itself or together with one or more mutual insurance companies acting pursuant to a joint reorganization plan, may reorganize in accordance with the requirements of this article, notwithstanding other provisions of this chapter or the provisions of §23-2C-3 of this code.

(b) (1) Such a reorganization plan may only be adopted by the affirmative vote of not less than two-thirds of the mutual insurance company's board of directors.

(2) At any time prior to the mailing of the notice to policyholders required pursuant to §33-27A-4 of this code, a mutual insurance company's board of directors may amend the reorganization plan by affirmative vote of not less than two-thirds of the board of directors. At any time before a reorganization plan has received approval of the Insurance Commissioner, a mutual insurance company's board of directors may withdraw the reorganization plan by the affirmative vote of not less than two-thirds of the board of directors.

(c) A reorganization plan shall provide for the incorporation of a mutual insurance holding company, and shall provide for the continuation of the corporate existence of the mutual insurance company as a stock insurance company.

(d) A reorganization plan shall provide that all of the initial shares of voting stock of a reorganized stock company shall be issued to its parent mutual insurance holding company or to an intermediate holding company. Nothing in this article shall be construed as limiting or restricting the authority of a reorganized stock company or of an intermediate holding company to issue securities other than voting stock.

(e) A reorganization plan shall provide that the membership interests of the policyholders of a mutual insurance company shall become membership interests in the mutual insurance holding company, and that concurrently the policyholder's membership interests in the mutual insurance company shall be extinguished.

(f) A reorganization plan shall provide that the policyholders of the reorganized stock company shall become members of the mutual insurance holding company in accordance with the articles of the incorporation and of the mutual holding company.

(g) A reorganization plan shall provide that the mutual insurance holding company shall at all times own a majority of the voting stock of the reorganized stock company. Alternatively, a reorganization plan shall provide that the mutual insurance holding company shall at all times own a majority of the voting stock of an intermediate holding company, which

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intermediate holding companies shall at all times own all of the voting stock of the reorganized stock company. The shares of voting stock required to be owned by the mutual insurance holding company, and by the intermediate holding company, if any, shall not be pledged, hypothecated, or in any way incumbered with regard to any obligation, guarantee or commitment undertaken by or on behalf of the mutual insurance holding company, or the intermediate holding company, if any.

(h) The board of directors of a mutual insurance company shall file all of the following with the Insurance Commissioner within 90 days after adopting a reorganization plan:

(1) The reorganization plan;

(2) The forms of notices to be provided to policyholders;

(3) The form of proxy, if any, to be solicited from policyholders;

(4) The proposed articles of incorporation for the mutual insurance holding company and the reorganized stock company, and, if applicable, for an intermediate holding company. The articles of incorporation shall be signed by the chairperson of the board, the president or vice-president, and by the secretary or an assistant secretary of the mutual insurance company.

(5) Such other documents or information as may be required by the Insurance Commissioner.

(i) Nothing in this article shall limit or restrict an intermediate holding company's authority to form or acquire the control of other corporations, whether domestic or foreign, profit or nonprofit.

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