

40-773. Same; conversion into stock company; purchase of stock; notice to members or policyholders of right to purchase; preference; limitation; nonmembers of society. If such fraternal benefit society is converting into a stock life insurance company, it shall be the duty of such fraternal benefit society to advise every member or policyholder of the right to subscribe for and purchase the stock of such stock life insurance company and of the amount of such stock for which such member or policyholder is entitled to subscribe and all other terms and conditions. The amount of such capital stock available to each member or policyholder shall be determined as set forth in the plan of proposed conversion. Exercise of such right shall be limited to 90 days after notice. Notice of such right shall be written or printed on a form approved by the commissioner of insurance and shall be given either personally or by mail. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, with postage prepaid, addressed to the member or policyholder at the address as it appears on the records of the society.

No portion of the stock shall be offered for public sale until the membership of the society shall have had preference in the purchase thereof. No one member shall be allowed to subscribe for or purchase more than 25% of the capital stock of the new company if there are other members applying in writing for the purchase of stock whose subscriptions are not filled. If the membership shall not have subscribed for the total capital stock authorized, others who were not members of the society at the time of the conversion may be permitted to subscribe for stock and be allowed equal rights in the ownership thereof with all other stockholders.

History: L. 1988, ch. 154, § 36; Jan. 1, 1989.