

COUNCIL OF THE DISTRICT OF COLUMBIA

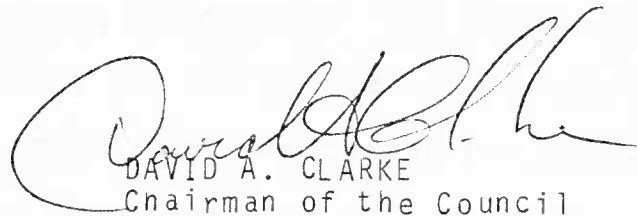
NOTICE

D.C. LAW 5-160

"Life Insurance Amendments Reform Act
of 1984".

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P. L. 93-198, "the Act", the Council of the District of Columbia adopted Bill No. 5-471 on first and second readings, November 20, 1984 and December 4, 1984, respectively. Following the signature of the Mayor on December 7, 1984, this legislation was assigned Act No. 5-225, published in the January 4, 1985 edition of the D.C. Register, (Vol. 32 page 39) and transmitted to Congress January 8, 1985 for a 30-day review, in accordance with Section 602 (c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and therefore, cites this enactment as D.C. Law 5-160, effective March 14, 1985.


DAVID A. CLARKE
Chairman of the Council

Dates Counted During the 30-day Congressional Review Period:

January	22,23,24,25,28,29,30,31
February	1,4,5,6,7,19,20,21,22,25,26,27,28
March	1,4,5,6,7,8,11,12,13

EFFECTIVE DATE MAR 14 1985

D.C. ACT 5 - 2 2 5

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

DEC 0 7 1984

To amend the Life Insurance Act and the Fire and Casualty Act to reform insurance organizations, contracts, and policies.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Life Insurance Amendments Reform Act of 1984".

Sec. 2. The Fire and Casualty Act, approved October 9, 1940 (54 Stat. 1063; D.C. Code, sec. 35-1501 et seq.), is amended as follows:

(a) The last paragraph in section 3 of chapter 2 (D.C. Code, sec. 35-1506(b)) is amended by striking "\$200" and inserting "\$10,000 for any violation, or not more than \$25,000 for intentional violations," in its place.

D.C. Code, sec 35-1506 (1985 supp.)

(b) The last paragraph in section 36 of chapter 2 (D.C. Code, sec. 35-1540(b)) is amended by striking "\$200" and inserting "\$3,000 for any violation or not more than \$10,000 for intentional violations," in its place.

D.C. Code, sec 35-1540 (1985 supp.)

Sec. 3. The Life Insurance Act, approved June 19, 1934 (48 Stat. 1125; D.C. Code, sec. 35-301 et seq.), is amended as follows:

(a) The last paragraph in section 6 of chapter 2 (D.C. Code, sec. 35-405(b)) is amended by striking "\$200" and

D.C. Code, sec 35-405 (1985 supp.)

inserting "\$10,000 for any violation or not more than \$25,000 for intentional violations," in its place.

(b) The last paragraph in section 27 of chapter 2 (D.C. Code, sec. 35-426(c)) is amended to read as follows:

D.C. Code, sec.
35-426
(1985 supp.)

"Rather than revoking or suspending the license of a general agent, agent, solicitor, or broker after a hearing and for causes enumerated in this section, the Superintendent may subject the person to a penalty of not more than \$5,000 when the Superintendent finds that the public interest would be best served by not revoking or suspending the license."

(c) Chapter 3 (D.C. Code, sec. 35-601 et seq.) is amended by adding new sections 42 through 51 to read as follows:

"SEC. 42. EFFECT OF MERGER OR CONSOLIDATION.-

New,
D.C. Code, sec.
35-640
(1985 supp.)

"(a)(1) When a merger or consolidation has been completed, the merging or consolidating companies shall be a single company.

"(2) For a merger, the single company shall be the one designated in the plan as the surviving company and, for a consolidation, shall be the new company described in the plan.

"(b) The separate existence of the merging or consolidating companies shall cease.

"(c) The surviving or new company shall have the rights, the privileges, the immunities, and the powers and shall be subject to the duties and liabilities of a life company organized under the Life Insurance Act, approved

"(d)(1) The surviving or the new company shall have the rights, the privileges, the immunities, and the franchises of each of the merging or consolidating companies.

"(2) All property interests, debts, claims, or other interests belonging to the merging or the consolidating companies shall be transferred automatically to the single company.

"(3) Realty interests vested in the merging or the consolidating companies shall not revert or be impaired because of the merger or the consolidation.

"(e)(1) The surviving or the new company shall be responsible for obligations of the merging or the consolidating companies.

"(2) A claim involving one of the merging or consolidating companies may be litigated as though the merger or the consolidation had not taken place or with the single company replacing the merging or the consolidating company.

"(3) Neither the rights of creditors nor any liens upon the property of a merging or consolidating company shall be impaired by the merger or the consolidation.

"(f)(1) For a merger, the articles of incorporation of the surviving company shall be considered amended to the extent that the articles of merger described changes in the

articles of incorporation.

"(2) For a consolidation, articles of consolidation provisions required or permitted in the articles of incorporation of life companies shall be considered the articles of incorporation of the new company.

"(g) The aggregate amount of the net assets of the merging or the consolidating companies available for the payment of dividends immediately before the merger or the consolidation, to the extent that the amount cannot be transferred to stated capital, shall continue to be available for the payment of dividends by the surviving or the new company.

"SEC. 43. PROCEDURE FOR MERGER OF DOMESTIC COMPANIES.-

"(a) Two or more domestic life companies may merge into one company.

New,
D.C. Code, sec.
35-641
(1985 supp.)

"(b) The board of directors of each company shall, by resolution adopted by a majority vote of the members of the boards, approve a plan of merger that lists the following:

"(1) The names of the companies proposing to merge.

"(2) The name of the surviving company the merging companies would become.

"(3) The terms and the conditions of the proposed merger.

"(4) The manner and the basis of converting the shares or memberships of each merging company into:

"(A) Shares, memberships, or other securities of the surviving company.

"(B) Shares or other securities of another company.

"(C) Cash or property.

"(5) Changes in the articles of incorporation of the surviving company.

"(6) Other provisions with respect to the proposed merger as are deemed necessary or desirable.

"SEC. 44. PROCEDURE FOR CONSOLIDATING DOMESTIC COMPANIES.-

New,
D.C. Code, sec.
35-642
(1985 supp.)

"(a) Two or more domestic life companies may consolidate into a new company.

"(b) To consolidate, the board of directors of each consolidating company, by resolution adopted by majority vote of the members of the boards, shall approve a plan of consolidation listing the following:

"(1) The names of the companies proposing to consolidate.

"(2) The name of the new company into which they propose to consolidate.

"(3) The terms and conditions of the proposed consolidation.

"(4) The manner and the basis of converting the shares or memberships of each company into:

"(A) Shares, memberships, or other securities of the new company.

"(B) Shares or other securities of another company.

"(C) Cash or property.

"(5) The articles of incorporation for domestic companies organized under chapter 3 of the Life Insurance Act, approved June 19, 1934 (48 Stat. 1143; D.C. Code, sec. 35-601 et seq.).

"(6) Other provisions with respect to the proposed consolidation as are deemed necessary or desirable.

"SEC. 45. MERGER OR CONSOLIDATION OF DOMESTIC AND FOREIGN COMPANIES.-

New,
D.C. Code, sec.
35-643
(1985 supp.)

"(a) Foreign and domestic life companies may be merged or consolidated if the laws where each company is organized permit the merger or the consolidation.

"(b) If the surviving or the new company is governed by a foreign jurisdiction, then the surviving or the new company shall comply with chapter 4 of the Life Insurance Act, approved June 19, 1934 (48 Stat. 1154; D.C. Code, sec. 35-701), before transacting life insurance business in the District of Columbia.

"(c) Except as provided in subsection (d), the surviving or the new company shall present the following to the Mayor:

"(1) An agreement to be amenable to services of process in the District of Columbia for any litigation brought either against the surviving or the new company or against one of the merging or the consolidating companies.

"(2) An irrevocable appointment of the Superintendent as the surviving or the new company's agent to accept service of process.

"(3) A post office address where the Mayor may

mail a copy of a process served upon the Superintendent as agent of the surviving or the new company.

"(4) An agreement that the surviving or the new company will promptly pay to dissenting shareholders of domestic companies involved in the merger or the consolidation the amount that section 49 enables dissenters to obtain.

"(d) Failure to file the appointment described in subsection (c)(2) shall not invalidate service made upon the Superintendent as agent of the company.

"(e)(1) Except as provided in paragraph (2), a merger or a consolidation under this section shall be the same as a merger or a consolidation of domestic companies creating a surviving or a new company governed by the District of Columbia.

"(2) If the surviving or the new company shall be governed by a foreign jurisdiction, the merger or the consolidation shall be the same as a merger or a consolidation of domestic companies except insofar as the laws of the foreign jurisdiction provide otherwise.

"SEC. 46. APPROVAL BY MAYOR.-

"(a) The plan of merger or of consolidation and the filings required by section 4 of the Holding Company System Regulatory Act, approved August 24, 1974 (88 Stat. 753; D.C. Code, sec. 35-2003), shall be mailed to shareholders, to members, or to policyholders of the domestic merging and consolidating companies, and shall be filed with the Mayor according to section 4 of the Holding Company System

New,
D.C. Code, sec
35-644
Note, D.C.
Code, sec.
35-2003
(1985 supp.)

Regulatory Act.

"(b) A life company aggrieved by the Mayor's decision to disapprove a plan of merger or of consolidation with the Mayor under subsection (a) shall have the rights, under section 4 of the Holding Company System Regulatory Act, to judicial review of the decision.

"SEC. 47. PROCEDURES BEFORE VOTING.-

New,
D.C. Code, sec.
35-645
(1985 supp.)

"(a)(1) After approval from the Mayor, the board of directors shall, by resolution, direct that the plan of merger or of consolidation be voted upon at a meeting of the shareholders, the members, or the policyholders of record and entitled to vote.

"(2) The vote may be conducted at either an annual or a special meeting.

"(b) Written notice shall be delivered at least twenty days before the meeting, either personally or by mail, to each shareholder, member, or policyholder.

"(c) The notice shall state the place, the time, and the purpose of the meeting, and a copy or a summary of the plan of merger or of consolidation shall be delivered with the notice.

"(d) The notice shall also summarize dissenting shareholders' rights under section 49.

"SEC. 48. APPROVAL BY SHAREHOLDERS.-

New,
D.C. Code, sec.
35-646
(1985 supp.)

"(a) The plan of merger or of consolidation shall be approved by the affirmative vote of the holders of two-thirds of the outstanding shares of each company unless two or more classes of shares have been issued for any of

the companies.

"(b) If the company has issued two or more classes of shares, the plan of merger or of consolidation shall be approved by the affirmative vote of at least two-thirds of the outstanding shares of each class.

"(c) For a mutual company, each member or policyholder entitled to vote shall have one vote, regardless of the amount of insurance or number of policies held by the individual.

"SEC. 49. RIGHTS OF DISSENTING SHAREHOLDERS.-

"(a)(1)(A) If, by the date of shareholder meeting described in section 48, a shareholder of a domestic merging or consolidating company files with the company a written objection to the merger or the consolidation and does not vote for the action and if, within twenty days after the merger or consolidation, the shareholder makes a written demand to the surviving or the new company for payment of the fair market value of the dissenting shareholder's shares, then the surviving or new company shall pay the shareholder the value of the shares.

"(B) The fair market value of the shares shall equal the market value on the day before the shareholders vote.

"(2) The company shall make the payment when the dissenter surrenders the dissenter's certificate of share ownership.

"(3) The demand shall state the number and the class of the shares owned by the dissenting shareholder.

New,
D.C. Code, sec.
35-647
Note, D.C. Code
sec. 28-3302
(1985 supp.)