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INSURANCE CODE - INS

DIVISION 2. CLASSES OF INSURANCE [1880 - 12880.8] (Division 2 enacted by Stats. 1935, Ch. 145.)

PART 1. FIRE AND MARINE INSURANCE [1880 - 10108.1] (Part 1 enacted by Stats. 1935, Ch. 145.)

CHAPTER 5. County Mutual Fire Insurers [5050 - 7060] (Chapter 5 enacted by Stats. 1935, Ch. 145.)

ARTICLE 9.6. Transformation [7045 - 7049] (Article 9.6 added by Stats. 1963, Ch. 1772.)

7045. The board of directors of any county mutual fire insurer that desires to commence proceedings for transformation of that insurer to a general mutual insurer shall adopt a resolution to that effect and submit to the commissioner a plan for effecting that transformation accompanied by an application for approval thereof and a fee of four hundred ninety-four dollars (\$494).

(Amended by Stats. 2017, Ch. 534, Sec. 57. (AB 1699) Effective January 1, 2018.)

7046. After the commissioner has granted tentative approval of any such application, a county mutual fire insurer that shall meet the financial requirements applicable to other insurers under Article 3 (commencing with Section 699), Chapter 1, Part 2, Division 1, may by the majority vote of those of its policyholders voting at a meeting duly called for the purpose, elect to transform itself into a general mutual insurer as defined in Chapter 4 (commencing with Section 4010) of Part 1, Division 2 and amend its articles of incorporation and bylaws to conform to, cover, and enjoy any or all of the provisions, powers, rights, and privileges of such a mutual insurer, notwithstanding the restrictions or limitations of any other provision of law, including, but not limited to, Section 900 of the Corporations Code. No such transformed county mutual fire insurer may engage in the business of life, title, mortgage, or mortgage guarantee insurance.

(Amended by Stats. 1978, Ch. 349.)

7047. The meeting called for the purpose of transformation, shall be preceded by a written or printed notice of the meeting and its purpose addressed to each policyholder of record on the date of the notice, mailed at least 30 days before that date fixed for the meeting. The presence in person or by proxy of 5 percent of the policyholders entitled to vote shall constitute a quorum unless a higher percentage is required by the bylaws or articles of incorporation of the insurer.

(Added by Stats. 1963, Ch. 1772.)

7048. Such corporation shall be a continuance of the original corporation by the same name or by any other name approved by the commissioner. Such transformation, however, shall in no way annul, modify or change any of the existing contracts and liabilities of such corporations, and any and all such contracts and liabilities shall continue in force and effect the same as though such corporation had not transformed or qualified under this article, nor shall such transformation in any way prejudice, impede or impair any pending action or proceeding or any rights previously acquired. Certified copies of all proceedings in connection with such transformation, together with a certified copy of the articles of incorporation as amended, shall be filed with the commissioner.

(Added by Stats. 1963, Ch. 1772.)

7049. After the policyholders have elected such a transformation a county mutual insurer shall submit to the insurance commissioner for final approval of the transformation a certified copy of all proceedings together with an application for a new certificate of authority accompanied by the necessary filing fee. The said transformation shall become effective upon the occurrence of the last of the three following events: (1) the final approval by the insurance commissioner, (2) the issuance of a new certificate of authority, and (3) the filing of certified copies of amended articles of incorporation with the Secretary of State.

(Added by Stats. 1963, Ch. 1772.)