

## **§ 1399.75. Application of article**

(a) This article shall apply to the restructuring or conversion of nonprofit mutual benefit health care service plans to the extent these plans have held or currently hold assets subject to a charitable trust obligation, as determined by the director.

(b) Nonprofit mutual benefit health care service plans that do not have, or have only a partial, charitable trust obligation, and that intend to convert or

restructure their activities shall, prior to the conversion or restructuring, secure approval from the director.

(c) Prior to approving a mutual benefit health care service plan restructuring or conversion under subdivision (b), the director shall find that the plan has complied with its noncharitable obligations including, but not limited to, any obligations set forth in its articles of incorporation regarding the dedication and distribution of assets.

(d) The director, in carrying out the department's responsibilities under subdivision (c), may apply, to the extent appropriate in each case as determined by the director, the beneficiary protections authorized in this act, including, but not limited to, protections concerning the fair market value of assets, the avoidance of conflicts of interest, and the avoidance of undue influence or control, with respect to a mutual benefit plan's proposed disposition of assets.

(e) Nothing in this section shall be construed to limit the director's, Attorney General's, or a court's authority under existing law to impose charitable trust obligations upon any or all of the assets of a mutual benefit corporation or otherwise treat a mutual benefit corporation in the same manner as a public benefit corporation.

**HISTORY:**

Added Stats 1995 ch 792 § 1 (SB 445).  
Amended Stats 1999 ch 525 § 163 (AB 78),

effective January 1, 2000, operative July 1, 2000.