

40-505. Suspension of business. Whenever the directors of any mutual life insurance company organized under the laws of this state shall deem it to the best interest of the policyholders to suspend business, it may secure propositions from other solvent life insurance companies authorized to do business in this state, whether foreign or domestic, and whether companies possessing a capital stock or organized on the mutual plan, to reinsure its policies. That upon securing such proposition or propositions, the same shall be formulated and the substance transmitted by mail to each policyholder, and a regular or special meeting of the policyholders shall be called for the purpose of determining whether said company shall go into liquidation, and also of voting upon said proposition of reinsurance. If at such meeting two thirds of the number of the holders of outstanding policies of such company shall vote, either in person or by proxy, to go into liquidation and to accept any one of said propositions for reinsurance, the board of directors may make a contract in accordance therewith, and upon due execution thereof transfer and turn over to the said reinsuring corporation so much of the assets of such mutual life insurance company as are embraced in said proposal or contract as consideration therefor: Provided, That any dissenting policyholder may withdraw his equitable share of the assets of such company in lieu of accepting such reinsurance contract: Provided, That nothing in this act shall be construed as legalizing any attempted reinsurance or transfer heretofore made by any such company.

History: L. 1927, ch. 231, 40-505; June 1.