

2024 Regular Session

SENATE BILL NO. 219

BY SENATORS MCMATH, BARROW, HENRY AND JACKSON-ANDREWS

HEALTH/ACC INSURANCE. Provides relative to conversion requirements for health insurers. (gov sig)

1 AN ACT

2 To amend and reenact R.S. 22:236.2(E), 236.4(D), 236.5(A), 237.4(E), 237.6(D), and  
3 237.7(A) and to enact R.S. 22:236.2(B)(5), 236.5(F), 237.4(B)(5), and 237.7(F),  
4 relative to mutual insurance companies; to provide for a plan of reorganization; to  
5 provide for approval by the commissioner of insurance; to provide for approval of  
6 qualified voters; to provide for financial and market analysis reviews; to provide for  
7 approval of certain marketing activities; to provide for an effective date; and to  
8 provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 22:236.2(E), 236.4(D), 236.5(A), 237.4(E), 237.6(D), and 237.7(A)  
11 are hereby amended and reenacted and R.S. 22:236.2(B)(5), 236.5(F), 237.4(B)(5), and  
12 237.7(F) are hereby enacted to read as follows:

13 §236.2. Plan of reorganization

14 \* \* \*

15 B. The plan of reorganization shall:

16 \* \* \*

17 **(5) Disclose whether the proposed reorganization is being pursued in**

1 conjunction with a proposed acquisition, as defined in R.S. 22:691.5, if the  
 2 reorganizing mutual is authorized to transact health insurance in this state.

3 \* \* \*

4 E. All information, documents, and copies thereof obtained by or disclosed  
 5 to the commissioner, the ~~Department of Insurance~~ **department**, or its designated  
 6 representative in the course of an examination of a proposed plan of reorganization  
 7 shall be treated in accordance with ~~R.S. 22:706~~ **R.S. 22:691.10**.

8 \* \* \*

9 §236.4. Approval by commissioner after public hearing

10 \* \* \*

11 D.**(1)** The commissioner may retain at the reorganizing mutual's expense such  
 12 attorneys, actuaries, accountants, and other experts as may be reasonably necessary  
 13 to assist the commissioner in his examination of a proposed conversion, including  
 14 any part of such examination that may occur, at the request of a reorganizing mutual,  
 15 prior to a plan of reorganization having been filed with the commissioner pursuant  
 16 to R.S. 22:236.2. Such experts must prepare a projection of the amount of time and  
 17 expenses necessary to complete the examination, and all work of these experts is  
 18 subject to review. If the projected amount of time and expenses required to complete  
 19 the examination appear excessive, the reorganizing mutual may petition the  
 20 commissioner for appropriate relief, and the commissioner's decision shall be final.

21 **(2)(a) If the reorganizing mutual's plan of reorganization is required to**  
 22 **include a disclosure of proposed acquisition pursuant to R.S. 22:236.2(B)(5), the**  
 23 **commissioner shall conduct financial and market analysis reviews of the terms,**  
 24 **conditions, and price of the proposed acquisition. The financial and market**  
 25 **analysis reviews shall include an independent valuation of the reorganizing**  
 26 **mutual, conducted by an independent valuation expert with experience valuing**  
 27 **similar companies and transactions, as well as a review of the financial and**  
 28 **operational viability of the entity proposing to acquire the reorganizing mutual.**  
 29 **The commissioner shall conduct the reviews and publish the findings on the**

1 department's website prior to the date of the public hearing required by  
2 Subsection A of this Section.

3 (b) The reorganizing mutual shall publish the commissioner's reviews  
4 and findings on the reorganizing mutual's website with the notice of public  
5 hearing required by Subsection C of this Section.

6 \* \* \*

7 §236.5. Approval by qualified voters

8 A. The plan of reorganization shall be approved at a meeting convened for  
9 that purpose by a vote of not less than two-thirds of the qualified voters of the  
10 reorganizing mutual entitled to vote on matters and present or represented by special  
11 ballot or special proxy. Qualified voters may be represented by special ballot or  
12 special proxy. No special ballot or special proxy shall be distributed to qualified  
13 voters or accepted by the reorganizing mutual prior to the date of the public  
14 hearing required by R.S. 22:236.4(A).

15 \* \* \*

16 F. The reorganizing mutual shall obtain prior approval from the  
17 department of the content of any advertisement in any public media or  
18 unsolicited written communication directed to qualified voters to ensure the  
19 information being provided by the reorganizing mutual is not false, deceptive,  
20 or misleading.

21 §237.4. Plan of reorganization

22 \* \* \*

23 B. The plan of reorganization shall:

24 \* \* \*

25 (5) Disclose whether the proposed reorganization is being pursued in  
26 conjunction with a proposed acquisition, as defined in R.S. 22:691.5, if the  
27 reorganizing mutual is authorized to transact health insurance in this state.

28 \* \* \*

29 E. All information, documents, and copies thereof obtained by or disclosed

1 to the commissioner, the ~~Department of Insurance~~ **department**, or its designated  
 2 representative in the course of an examination of a proposed plan of reorganization  
 3 shall be treated in accordance with ~~R.S. 22:706~~ **R.S. 22:691.10**.

4 \* \* \*

5 §237.6. Approval by commissioner after public hearing

6 \* \* \*

7 D.**(1)** The commissioner may retain at the reorganizing mutual's expense such  
 8 attorneys, actuaries, accountants, and other experts as may be reasonably necessary  
 9 to assist the commissioner in his examination of a proposed conversion, including  
 10 any part of such examination that may occur, at the request of a reorganizing mutual,  
 11 prior to a plan of reorganization having been filed with the commissioner pursuant  
 12 to R.S. 22:237.4. Such experts shall prepare a projection of the amount of time and  
 13 expenses necessary to complete the examination, and all work of these experts is  
 14 subject to review. If the projected amount of time and expenses required to complete  
 15 the examination appear excessive, the reorganizing mutual may petition the  
 16 commissioner for appropriate relief, and the commissioner's decision shall be final.

17 **(2)(a) If the reorganizing mutual's plan of reorganization is required to**  
 18 **include a disclosure of proposed acquisition pursuant to R.S. 22:237.4(B)(5), the**  
 19 **commissioner shall conduct financial and market analysis reviews of the terms,**  
 20 **conditions, and price of the proposed acquisition. The financial and market**  
 21 **analysis reviews shall include an independent valuation of the reorganizing**  
 22 **mutual, conducted by an independent valuation expert with experience valuing**  
 23 **similar companies and transactions, as well as a review of the financial and**  
 24 **operational viability of the entity proposing to acquire the reorganizing mutual.**  
 25 **The commissioner shall conduct the reviews and publish the findings on the**  
 26 **department's website prior to the date of the public hearing required by**  
 27 **Subsection A of this Section.**

28 **(b) The reorganizing mutual shall publish the commissioner's reviews**  
 29 **and findings on the reorganizing mutual's website with the notice of public**

1 **hearing required by Subsection C of this Section.**

2 \* \* \*

3 §237.7. Approval by qualified voters

4 A. The plan of reorganization shall be approved at a meeting convened for  
5 that purpose by a vote of not less than two-thirds of the qualified voters of the  
6 reorganizing mutual entitled to vote on matters and present or represented by special  
7 ballot or special proxy. **Qualified voters may be represented by special ballot or**  
8 **special proxy. No special ballot or special proxy shall be distributed to qualified**  
9 **voters or accepted by the reorganizing mutual prior to the date of the public**  
10 **hearing required by R.S. 22:237.6(A).**

11 \* \* \*

12 **F. The reorganizing mutual shall obtain prior approval from the**  
13 **department of the content of any advertisement in any public media or**  
14 **unsolicited written communication directed to qualified voters to ensure the**  
15 **information being provided by the reorganizing mutual is not false, deceptive,**  
16 **or misleading.**

17 Section 2. This Act shall become effective upon signature by the governor or, if not  
18 signed by the governor, upon expiration of the time for bills to become law without signature  
19 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
20 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
21 effective on the day following such approval.

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The original instrument and the following digest, which constitutes no part  
of the legislative instrument, were prepared by Amanda Trapp.

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DIGEST

SB 219 Reengrossed                      2024 Regular Session                      McMath

Present law requires a mutual insurer seeking to reorganize to submit a proposed plan of reorganization to the commissioner of insurance (commissioner) that contains certain information.

Proposed law requires mutual health insurers to disclose whether the proposed reorganization is being pursued in conjunction with a proposed acquisition.

Present law requires the commissioner to hold a public hearing regarding the plan of reorganization and authorizes the commissioner to conduct certain analysis at the

reorganizing mutual's expense.

Proposed law requires the commissioner to conduct financial and market analysis reviews if the mutual health insurer is pursuing a proposed reorganization in conjunction with a reorganizing mutual that transacts health insurance in this state. Proposed law requires the commissioner to include an independent expert with experience valuing similar companies and transactions.

Proposed law requires the commissioner to publish the findings from the review on the Department of Insurance's website prior to the public hearing and for the reorganizing mutual to include the findings on its website along with the notice of public hearing.

Present law requires a plan of reorganization to be approved by not less than two-thirds of qualified voters and authorizes the voters to be represented by special ballot or special proxy.

Proposed law provides voting requirements for qualified voters of a plan of reorganization.

Proposed law prohibits any special ballot or special proxy to be distributed prior to the date of the public hearing.

Proposed law requires the reorganizing mutual to obtain prior approval from the department of any advertising used in public media or directed to qualified voters to ensure the information is not false, deceptive, or misleading.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 22:236.2(E), 22:236.4(D), 236.5(A), 237.4(E), 237.6(D), and 237.7(A); adds R.S. 22:236.2(B)(5), 236.5(F), 237.4(B)(5), and 237.7(F))

#### Summary of Amendments Adopted by Senate

##### Senate Floor Amendments to engrossed bill

1. Make technical changes.
2. Adds requirement that a financial and market analysis of a mutual plan or reorganization be conducted by an independent valuation expert that has experience with valuing similar companies and transactions.
3. Requires a reorganizing mutual to publish the commissioners reviews and findings.
4. Requires a proposed acquisition to disclose if the reorganizing mutual is authorized to transact health insurance in this state.
5. Provides voting requirements for qualified voters of a plan of reorganization.
6. Requires the reorganizing mutual to obtain prior approval from the department of any advertising used in public media or directed to qualified voters to ensure the information is not false, deceptive, or misleading.