

# ***Table of Contents***

---

## **18.01.78 - MUTUAL INSURANCE HOLDING COMPANY RULES**

000. LEGAL AUTHORITY.....	2
001. TITLE AND SCOPE.....	2
002. WRITTEN INTERPRETATIONS.....	2
003. ADMINISTRATIVE APPEALS.....	2
004. DEFINITIONS.....	2
005. APPLICATION - CONTENT - PROCESS.....	4
006. NOTICE OF HEARING.....	4
007. PLAN OF REORGANIZATION.....	5
008. DUTIES OF THE DIRECTOR.....	6
009. REGULATION - COMPLIANCE.....	7
010. REORGANIZATION OF DOMESTIC MUTUAL INSURER WITH MUTUAL INSURANCE HOLDING COMPANY.....	7
011. REORGANIZATION OF FOREIGN MUTUAL INSURER WITH MUTUAL INSURANCE HOLDING COMPANY.....	8
012. MERGERS OF MUTUAL INSURANCE HOLDING COMPANIES.....	8
013. STOCK OFFERINGS.....	8
014. PROHIBITED PRACTICES.....	10
015. REGULATION OF HOLDING COMPANY SYSTEM.....	10
016. REPORTING OF STOCK OWNERSHIP AND TRANSACTIONS.....	11
017. -- 999. (RESERVED).....	11

**IDAPA 18  
TITLE 01  
CHAPTER 78**

**18.01.78 - MUTUAL INSURANCE HOLDING COMPANY RULES**

**000. LEGAL AUTHORITY.**

This rule is promulgated and adopted pursuant to the authority vested in the Director under Title 41, Chapter 2, Idaho Code. (7-1-99)

**001. TITLE AND SCOPE.**

**01. Title.** This rule shall be cited in full as Rules of the Idaho Department of Insurance, IDAPA 18.01.78, "Mutual Insurance Holding Company Rule". (7-1-99)

**02. Scope.** The purpose and intent of this rule is to implement the provisions of Title 41, Chapter 38, Section 41-3821, Idaho Code, by providing: (7-1-99)

**a.** The formation of a mutual insurance holding company through an application process subject to regulation by the Department of Insurance. A domestic mutual insurance company may reorganize by forming a mutual insurance holding company based upon a mutual plan. The reorganized insurance company shall continue, without interruption, its corporate existence as a stock insurance company subsidiary to the mutual insurance holding company or as a stock insurance company subsidiary to an intermediate holding company which is a subsidiary to the mutual insurance holding company. (7-1-99)

**b.** The reorganization of a domestic mutual insurance company by merging its policyholders' membership interests into a mutual insurance holding company and continuing, without interruption, the corporate existence of the reorganized insurance company as a stock insurance company subsidiary to the mutual insurance holding company or as a stock insurance company subsidiary to an intermediate holding company which is a subsidiary to the mutual insurance holding company through an application process subject to regulation by the Department of Insurance. (7-1-99)

**c.** An application process for the approval of an initial sale of the shares of the capital stock of a reorganized domestic insurance company or an intermediate holding company, subject to the approval of the Department of Insurance. (7-1-99)

**002. WRITTEN INTERPRETATIONS.**

In accordance with Section 67-5201(16)(b)(iv), Idaho Code, this agency may have written statements which pertain to the interpretation of the rules of this chapter, or to the documentation of compliance with the rules of this chapter. these documents will be available for public inspection and copying at cost in the main office of this agency. (7-1-99)

**003. ADMINISTRATIVE APPEALS.**

All contested cases shall be governed by the provisions of IDAPA 04.11.01, "Idaho Rules of Administrative Procedure of the Attorney General". (7-1-99)

**004. DEFINITIONS.**

For the purposes of this rule the following terms will be used as defined below: (7-1-99)

**01. Affiliated Person.** Affiliated person of another person shall mean: (7-1-99)

**a.** Any person directly or indirectly owning, controlling, or holding with power to vote, five percent (5%) or more of the outstanding voting securities of such other person; or (7-1-99)

**b.** Any person, five percent (5%) or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other person; or (7-1-99)

**c.** Any person directly or indirectly controlling, controlled by, or under common control with, such other person; or (7-1-99)

- d.** Any officer, director, partner, copartner, or employee of such other person. (7-1-99)
- 02. Director.** The Director of the Idaho Department of Insurance. (7-1-99)
- 03. Department.** The Idaho Department of Insurance. (7-1-99)
- 04. Domestic Mutual Insurance Company.** An insurance company organized on a mutual plan and incorporated under the laws of the state of Idaho. (7-1-99)
- 05. Interested Person.** Interested person of another person means: (7-1-99)
- a.** Any affiliated person of such person or company; or (7-1-99)
- b.** Any member on the immediate family of any natural person who is an affiliated person of such company; or (7-1-99)
- c.** Any person or partner or employee of any person who at any time since the beginning of the last two completed fiscal years of such company has acted as acted as legal counsel for such company; or (7-1-99)
- d.** Any natural person whom the Director by order shall have determined to be an interested person by reason of having had, at any time since the beginning of the last two completed fiscal years of such company, a material business or professional relationship with such company or with the principal executive officer of such company. (7-1-99)
- 06. Intermediate Holding Company.** A holding company which is a subsidiary of a mutual insurance holding company or part of a holding company system controlled by a mutual insurance holding company pursuant to the provisions of Title 41, Chapter 38, Idaho Code. (7-1-99)
- 07. Limited Application.** An application by a domestic mutual insurance company for reorganization to a mutual insurance holding company which will hold, at all times, one hundred percent (100%) of the stock of its insurance subsidiaries. (7-1-99)
- 08. Member Of The Immediate Family.** Any parent, spouse of a parent, child, spouse of a child, spouse, brother or sister, and includes step and adoptive relationships. (7-1-99)
- 09. Mutual Insurance Holding Company.** A holding company organized of a mutual plan and incorporated under the laws of the state of Idaho, resulting from the reorganization of a domestic mutual insurance company pursuant to the provisions of Title 41, Chapter 38, Section 41-3821, Idaho Code, with one (1) or more stock insurance holding company subsidiaries or stock insurance company subsidiaries. A mutual insurance holding company shall be a person as defined in this chapter, and shall be subject to the provisions of Title 41, Idaho Code. (7-1-99)
- 10. Plan Of Reorganization.** A plan to reorganize a domestic mutual insurance company by forming a mutual insurance holding company. (7-1-99)
- 11. Standard Application.** An application by a domestic mutual insurance company for reorganization to a mutual insurance holding company which may sell interests in its subsidiaries to third parties. (7-1-99)
- 12. Stock.** Any security evidencing an equity interest in the issuing entity. (7-1-99)
- 13. Stock Offering.** Any proposed sale, exchange, transfer or other change of ownership of stock or of securities convertible into or exchangeable or exercisable for stock. For the purposes of this chapter, "stock offering" shall not mean: (7-1-99)
- a.** An offering of preferred stock which is not convertible or exchangeable into common stock and which has no ordinary voting rights; or (7-1-99)

- b. A transfer of stock between any of the following: (7-1-99)
  - i. A mutual insurance holding company; or (7-1-99)
  - ii. An insurance company subsidiary of a mutual insurance holding company; or (7-1-99)
  - iii. An intermediate holding company subsidiary of a mutual insurance holding company; or (7-1-99)
  - iv. An insurance company subsidiary of an intermediate holding company subsidiary to a mutual insurance holding company. (7-1-99)

**005. APPLICATION - CONTENT - PROCESS.**

**01. Designation Of Application As Limited Or Standard.** An application shall be designated as either a limited application or a standard application. The filing of a limited application shall not preclude the subsequent filing of an application for approval of an initial sale of stock as provided in this chapter. (7-1-99)

**02. Information To Be Contained In Application.** The application shall be filed in duplicate with the Director and shall include the following information: (7-1-99)

- a. Designation as a limited or standard application; and (7-1-99)
- b. A plan of reorganization as set forth in this chapter; and (7-1-99)
- c. A plan to obtain the approval of the policyholders in accordance with the applicant's articles of incorporation and bylaws. Policyholders shall be given not less than twenty (20) days notice of any vote on approval of reorganization; and (7-1-99)
- d. A copy of the mutual insurance holding company's proposed articles of incorporation and bylaws specifying all membership rights; and (7-1-99)
- e. The names, addresses and occupational information of all corporate officers and member of the initial mutual insurance holding company board of directors; and (7-1-99)
- f. Information sufficient to demonstrate that the financial condition of the applicant will not be diminished upon reorganization; and (7-1-99)
- g. A copy of the proposed articles of incorporation and bylaws for any insurance company subsidiary or intermediate holding company subsidiary; and (7-1-99)
- h. A "Form A" filing as described in IDAPA 18.01.23, "Rules Pertaining to the Idaho Insurance Holding Company System Regulatory Act"; and (7-1-99)
- i. An index demonstrating where in the application information supplied in compliance with each of these rules is found; and (7-1-99)
- j. Any other information requested by the Director at any time during the course of proceedings. (7-1-99)

**006. NOTICE OF HEARING.**

**01. Scheduling Of Hearing.** Upon receipt and review by the Director of all information provided pursuant to Section 005 above, a hearing shall be held as provided in Title 41, Chapter 38, Section 41-3821, Idaho Code. (7-1-99)

**02. Evidence To Be Presented At Hearing.** At hearing, the application shall present evidence

establishing: (7-1-99)

**a.** The application is in compliance with all pertinent sections of the Idaho Insurance Code and Administrative Rules; and (7-1-99)

**b.** The requirements for a plan of reorganization have been fulfilled. (7-1-99)

**03. Notice Of Hearing.** Notice of the hearing shall be given at least twenty (20) days prior to the hearing by the Department by regular mail to all interested parties known to the Department. (7-1-99)

**007. PLAN OF REORGANIZATION.**

**01. Limited Application.** A limited application plan of reorganization shall include provisions as follows: (7-1-99)

**a.** Establishing a mutual insurance holding company with at least one stock insurance company subsidiary or one intermediary stock holding company with a stock insurance company subsidiary, the share of which shall be held exclusively by the mutual insurance holding company; and (7-1-99)

**b.** Protection of the interests of existing policyholders; and (7-1-99)

**c.** Ensuring immediate membership in the mutual insurance holding company of all existing policyholders of the reorganized domestic mutual insurance company; and (7-1-99)

**d.** Describing a plan providing for membership interests of future policyholders; and (7-1-99)

**e.** Describing the number of members of the board of directors of the mutual insurance holding company required to be policyholders; and (7-1-99)

**f.** Demonstrating that, in the event of proceedings under Title 41, Chapter 33, Idaho Code, involving a stock insurance company subsidiary of the mutual insurance holding company which resulted from the reorganization of a domestic mutual insurance company, the assets of the mutual insurance holding company will be available to satisfy the policyholder obligations of the stock insurance company; and (7-1-99)

**g.** Describing a plan how any accumulation or prospective accumulation of earnings by the mutual insurance holding company which is or would be in excess of that determined by the board of directors of the mutual insurance holding company to be necessary shall inure to the exclusive benefit of the policyholders of its insurance company subsidiaries who are members; and (7-1-99)

**h.** Describing the nature and content of the annual report and financial statement to be sent to each member; and (7-1-99)

**i.** For other matters, as the applicant deems appropriate. (7-1-99)

**02. Standard Application.** A standard application plan of reorganization shall include provisions as follows: (7-1-99)

**a.** Establishing a mutual insurance holding company with at least one (1) stock insurance company subsidiary or one wholly owned intermediate stock holding company with a stock insurance company subsidiary, the shares of which shall be held exclusively by the wholly owned intermediate holding company; and (7-1-99)

**b.** Protection of the interests of existing policyholders; and (7-1-99)

**c.** Ensuring immediate membership in the mutual insurance holding company of all existing policyholders of the reorganizing domestic mutual insurance company; and (7-1-99)

**d.** Providing for membership interests of future policyholders; and (7-1-99)

e. Describing the number of members of the board of directors of the mutual insurance holding company required to be policyholders; and (7-1-99)

f. Demonstrating that, in the event of proceedings under Title 41, Chapter 33, Idaho Code, involving a stock insurance company subsidiary of the mutual insurance holding company which resulted from the reorganization of a domestic mutual insurance company, the assets of the mutual insurance holding company will be available to satisfy the policyholder obligations of the stock insurance company; and (7-1-99)

g. Describing how any accumulation or prospective accumulation of earnings by the mutual insurance holding company, which is or would be in excess of that determined by the board of directors of the mutual insurance holding company to be necessary, shall inure to the exclusive benefit of the policyholders of its insurance company subsidiaries who are members; and (7-1-99)

h. Describing the nature and content of the annual report and financial statement to be sent to each member; and (7-1-99)

i. Describing the applicant's plan for a stock offering in accordance with the provisions of this chapter; and (7-1-99)

j. Describing other relevant matters the applicant deems appropriate. (7-1-99)

**03. Plan Of Reorganization.** With regard to either a limited or standard application, the plan of reorganization submitted to the Director shall demonstrate: (7-1-99)

a. Policyholder interests are properly preserved and protected; and (7-1-99)

b. The plan is fair and equitable to policyholders; and (7-1-99)

c. The financial condition of the applicant will not be diminished. (7-1-99)

**008. DUTIES OF THE DIRECTOR.**

**01. Director Shall Retain Jurisdiction.** The Director shall at all times retain jurisdiction over the mutual insurance holding company and its intermediate holding company subsidiaries with stock insurance company subsidiaries. (7-1-99)

**02. Approval Or Denial Of Application.** Following the hearing provided for in this chapter, the Director shall, by order, approve, conditionally approve, or deny the application. (7-1-99)

a. Conditions of approval. The Director may require, as a condition of approval of the proposed reorganization, such modifications of the proposed plan of reorganization as the Director finds necessary. The applicant shall accept such required modifications by filing appropriate amendments to the proposed plan of reorganization with the Director within thirty (30) days of the date of the order of the Director requiring such modifications. If the applicant does not accept such required modifications by failing to file the required amendments to the proposed plan of reorganization within thirty (30) days, the proposed reorganization shall be deemed denied. (7-1-99)

b. Expiration of conditional approval. An approval or conditional approval of a plan of reorganization shall expire if the reorganization is not completed within one hundred eighty (180) days unless such time period is extended by the Director upon a showing of good cause. (7-1-99)

c. Revocation of approval. The Director may revoke approval or conditional approval of an applicant's plan of reorganization in the event the Director finds the applicant has failed to comply with the plan of reorganization. The Director may compel completion of a plan of reorganization unless the plan is abandoned in its entirety, in accordance with the applicant's provisions for governance. The Director shall retain jurisdiction over the applicant until a plan of reorganization has been completed. (7-1-99)

**d.** Notice of completion. Upon completion of all elements of a plan of reorganization, the applicant shall provide a notice of completion to the Director. (7-1-99)

**009. REGULATION - COMPLIANCE.**

**01. Compliance With Insurance Holding Company Law Required.** Mutual insurance holding companies shall comply with the provisions of Title 41, Chapter 38, Idaho Code, except as expressly provided herein. (7-1-99)

**02. Wavier Of Compliance Not Allowed.** No regulatory standards are waived during the pendency of an application of an application for a plan of reorganization. (7-1-99)

**03. Approval Of Merger Or Acquisition Required.** Mergers and acquisitions by a mutual insurance holding company must be approved by the Director pursuant to Title 41, Chapter 38, Idaho Code. At such time as a mutual insurance holding company acquires or plans to acquire more than fifty percent (50%) of a stock insurance company, the mutual insurance holding company shall submit to the Director a plan describing any membership interests of policyholders. (7-1-99)

**04. Mutual Holding Company Annual Financial Statement Filing.** Each mutual insurance holding company shall supply to the Department, by June 1 of each year, an annual statement consisting of the following: (5-3-03)

- a.** An income statement; and (7-1-99)
- b.** A balance sheet; and (7-1-99)
- c.** A cash flow statement; and (7-1-99)
- d.** Complete information on the status of any closed block formed as a part of a plan of reorganization; and (7-1-99)
- e.** An investment plan covering all assets; and (7-1-99)
- f.** A statement disclosing any intention to pledge, borrow against, alienate, hypothecate, or in any way encumber the assets of the mutual insurance holding company. (7-1-99)

**05. Insurance Company Subsidiary Investment Requirements For Mutual Holding Company.** At least fifty percent (50%) of the generally accepted accounting practices (GAAP) basis net worth of a mutual insurance holding company shall be invested in insurance company subsidiaries. (7-1-99)

**06. Approval Required For Distribution To Policyholders.** No policyholder who is a member of a mutual insurance holding company shall receive on account of such membership interest any payment of a policy credit, dividend or other distribution unless such payment has been approved by the Director. The Director, after a public hearing as provided in Title 41, Chapter 38, Idaho Code, if satisfied the proposed payment is fair and equitable to policyholders who are members, may approve the proposed payment and may require as a condition of such approval modification of the proposed payment as the Director finds necessary for the protection of such policyholders. (7-1-99)

**010. REORGANIZATION OF DOMESTIC MUTUAL INSURER WITH MUTUAL INSURANCE HOLDING COMPANY.**

A domestic mutual insurance company may apply to reorganize by merging its policyholders' membership interests into a mutual insurance holding company by filing with the Director a joint application with the mutual insurance holding company complying with the provisions of this chapter. (7-1-99)

**011. REORGANIZATION OF FOREIGN MUTUAL INSURER WITH MUTUAL INSURANCE HOLDING COMPANY.**

A foreign mutual insurance company, or a foreign health service corporation, which if a domestic corporation would be organized under Title 41, Chapter 28, Idaho Code, may apply to reorganize by merging its policyholders' membership interests into a mutual insurance holding company by filing with the Director a joint application with the mutual insurance holding company complying with the provisions of this chapter. (7-1-99)

**012. MERGERS OF MUTUAL INSURANCE HOLDING COMPANIES.**

A mutual insurance holding company may apply to merge with another mutual insurance holding company by filing with the Director a plan of merger and complying with the provisions of Title 41, Chapter 38, Idaho Code. (7-1-99)

**013. STOCK OFFERINGS.**

**01. Director's Prior Approval Required.** No stock offering by a mutual insurance holding company, an insurance company subsidiary of a mutual insurance holding company, an intermediate holding company subsidiary of a mutual insurance holding company, or an insurance company subsidiary of an intermediate holding company subsidiary to a mutual insurance holding company shall occur without the prior approval of the Director. The Director's approval may be obtained only through the application and hearing process described in this section. (7-1-99)

**02. Application For Stock Offering.** Every application for approval of a stock offering shall contain the following information: (7-1-99)

**a.** A description of the stock intended to be offered by the applicant, including a description of all shareholder rights; and (7-1-99)

**b.** The total number of shares authorized to be issued, the estimated number the applicant requests permission to offer, and the intended date or range of dates for the offer; and (7-1-99)

**c.** A justification for a uniform planned offering price or a justification of the method by which the offering price will be determined; and (7-1-99)

**d.** The name or names of any underwriter, syndicate member or placement agent involved and, if known, the name or names of each entity, person, or group of persons to whom the stock offering is to be made who will control five percent (5%) of the total outstanding class of shares, and the manner in which the offer is to be tendered. If any such entity or person is a corporation or business organization, the name of each member of its board of directors or equivalent management team shall be provided along with the name of each member of the board of directors of the offeror. Copies of any filings with the Securities and Exchange Commission disclosing intended acquisitions of the stock shall be included in the application; and (7-1-99)

**e.** A description of stock subscription rights to be afforded members of the mutual insurance holding company in conjunction with the stock offering; and (7-1-99)

**f.** A detailed description of all expenses to be incurred in conjunction with the stock offering; and (7-1-99)

**g.** An explanation of how funds raised by the stock offering are to be used; and (7-1-99)

**h.** Any other information requested by the Director. (7-1-99)

**03. Required Provisions.** No application regarding a planned stock offering shall be approved unless the plan contains provisions: (7-1-99)

**a.** Prohibiting officers, directors, and insiders of the mutual insurance holding company and its subsidiaries and affiliates from the purchase or ownership of shares of the stock offering, or issuance of stock options to or for the benefit of such officers, directors and insiders, for a period of at least six (6) months following the first date the offering was publicly and regularly traded. This paragraph shall not be construed to limit the rights of



officers, directors and insiders from exercising subscription rights generally accorded members of the mutual insurance holding company, except that, pursuant to such subscription rights, the officers, directors, and insiders of the mutual insurance holding company and its subsidiaries and affiliates may not purchase or own, in the aggregate, more than five percent (5%) of the stock offering for a period of at least six months following the first date the offering was publicly and regularly traded; and (7-1-99)

**b.** Requiring a majority of the members of the board of directors of the mutual insurance holding company to be persons who are not interested persons of the mutual insurance holding company or of an affiliated person of such company. The Director may waive this requirement upon a showing of good cause; and (7-1-99)

**c.** For the mutual insurance holding company to adopt articles of incorporation prohibiting any waiver of dividends from stock subsidiaries except under conditions specified in its articles of incorporation and after approval of the waiver by the board of directors of the mutual insurance holding company and the Director; and (7-1-99)

**d.** Requiring that, after the initial stock offering by an insurance company subsidiary of a mutual insurance holding company, an intermediate holding company subsidiary of a mutual insurance holding company, or an insurance company subsidiary to a mutual insurance holding company, the boards of directors of each such insurance company or intermediate holding company include at least three directors who are not interested persons of the mutual insurance holding company; and (7-1-99)

**e.** Establishing, within the board of directors of the corporation offering stock, a pricing committee consisting exclusively of directors who are interested persons whose responsibility is to evaluate and approve the price of any stock offering. (7-1-99)

**04. More Than One Class Of Stock Allowed.** An insurance company subsidiary of a mutual insurance holding company, an intermediate holding company subsidiary of a mutual insurance holding company, or an insurance company subsidiary of an intermediate holding company subsidiary to a mutual insurance holding company may issue more than one (1) class of stock provided, however, that at all times a majority of the voting stock is held by the mutual insurance holding company or its subsidiary and, provided further, that no class of common stock may possess greater dividend or other rights than the class held by the mutual insurance holding company or its subsidiary. (7-1-99)

**05. Allowance For Experts.** The Director may hire, at the applicant's expense, attorneys, actuaries, accountants, investment bankers and other experts as may reasonably be necessary to assist the Director in reviewing the application. (7-1-99)

**06. Public Hearing.** The Director may, at his discretion, hold a public hearing regarding any application for approval of a stock offering. Upon receipt of an application for approval of a stock offering which includes an initial offering of stock, the Director shall hold a public hearing at which all interested parties may appear and present evidence and argument regarding the applicant's planned offering. The Director shall provide the applicant adequate notice of the hearing, such that the applicant can provide notice of the hearing to members of the mutual insurance holding company, in manner approved by the Director, not less than twenty (20) days prior to the hearing. Following the hearing, the Director may approve, conditionally approve, or deny the application. The Director may approve the plan if: (7-1-99)

**a.** The offering complies with these rules and other provisions of law; and (7-1-99)

**b.** The method for establishing the price of a stock offering is consistent with generally accepted market or industry practices for establishing stock offering prices in similar transactions; and (7-1-99)

**c.** The plan and offering will not unfairly impact the interests of members of the mutual insurance holding company. (7-1-99)

**07. Concurrent Filing With SEC Allowed.** None of the foregoing shall be deemed to prohibit the filing of a registration statement with the Securities and Exchange Commission prior to or concurrently with the giving of notice to the members. (7-1-99)

**08. Subsequent Offerings Of Publicly Traded Stock.** (7-1-99)

**a.** Notwithstanding the provisions of Section 013 of this chapter, stock offerings which are not an initial stock offering, and which offer stock regularly traded on the New York Stock Exchange, the American Stock Exchange, or another exchange approved by the Director, or designated on the national association of securities dealers automated quotations – national market system (NASDAQ), may be sold in accordance with the following procedure: If a mutual insurance holding company, an insurance company subsidiary of a mutual insurance holding company, an intermediate holding company, or an insurance company subsidiary of an intermediate holding company intends to make a stock offering which would be governed by the provisions of this section, that entity shall deliver to the Director, not less than thirty (30) days prior to the offering, a notice of the planned stock offering and information regarding: (7-1-99)

- i. The total number of shares intended to be offered; and (7-1-99)
- ii. The intended date of sale; and (7-1-99)
- iii. Evidence the stock is regularly traded on one of the public exchanges noted above; and (7-1-99)
- iv. A record of the trading pace and trading volume of the stock during the prior fifty-two (52) weeks. (7-1-99)

**b.** The Director shall be deemed to have approved the sale unless, within thirty (30) days following receipt of such notice, the Director issues an objection to the sale. If the Director issues an objection to the sale, the procedures set forth in Subsection 013.02 of this chapter shall be followed to determine whether the Director approves of the proposed sale. (7-1-99)

**09. Expiration Of Approval Of Stock Offering.** Approval of a stock offering obtained under either Subsection 013.06 or 013.07 above shall expire ninety (90) days following the date of the approval or deemed approval, except as otherwise provided by order of the Director. (7-1-99)

**10. Representation Of Director’s Approval Not Allowed.** No prospectus, information, sales material or sales presentation by the applicant, or by any representative, agent or affiliate of the applicant, shall contain a representation that the Director’s approval of a stock offering constitutes an endorsement of the price, price range, or any other information relating to the stock. (7-1-99)

**014. PROHIBITED PRACTICES.**  
The following practices are prohibited: (7-1-99)

**01. Borrowing Funds.** Borrowing funds from the mutual insurance holding company, or its subsidiaries and affiliates, to finance the purchase of any portion of a stock offering. (7-1-99)

**02. Payment Of Commissions.** Payment of commissions, “special fees” and any other special payments or extraordinary compensation to officers, directors, interested persons and affiliates, for arranging, promoting, aiding or assisting in reorganization to a mutual insurance holding company, or for arranging promoting, aiding assisting or participating in the structuring and placement of a stock offering. (7-1-99)

**03. Avoidance Of Provisions Of Chapter.** Entering into an understanding or agreement transferring legal or beneficial ownership of stock to another person in avoidance of this chapter. (7-1-99)

**015. REGULATION OF HOLDING COMPANY SYSTEM.**

**01. Compliance With Provisions Of Insurance Holding Company Law.** A mutual insurance holding company, and its subsidiaries and affiliates, shall be subject to all provisions of Title 41, Chapter 38, Idaho Code, Holding Company Systems. In addition to the provisions of that chapter, all material transactions between subsidiaries and affiliates of the mutual insurance holding company, as defined by Title 41, Chapter 38, Idaho Code, Section 41-3807, must be approved by a majority of the directors of the mutual insurance holding company as being

both fair and reasonable, and made on terms and conditions not less favorable than those available from unaffiliated third parties. (7-1-99)

**02. Violations Of Insurance Code.** If the Director finds, after notice and hearing, that activities within a mutual insurance holding company system have violated provisions of Title 41, Idaho Code, have violated administrative procedures, or act to circumvent requirements or prohibitions contained in the Idaho Insurance Code or administrative rules, the Director may prohibit or order rescission of any transaction relating to those activities. (7-1-99)

**016. REPORTING OF STOCK OWNERSHIP AND TRANSACTIONS.**

**01. Acquisition Of Ownership Interest.** Any director or officer of a mutual insurance holding company, its subsidiary or affiliate, who acquires directly or indirectly the beneficial ownership of any security issued by any member of the mutual insurance holding company system shall, within fifteen (15) days following the transaction, file with the Director a statement of the transaction in a format prescribed by the Director. (7-1-99)

**02. Filing Of SEC Forms With Department.** A mutual insurance holding company, and its subsidiaries and affiliates, shall file with the Director, within fifteen (15) days of receipt, copies of Form 3, Form 4 and Schedule 13D, or any equivalent filings, such filings made under the Securities and Exchange Act of 1934, as amended. (7-1-99)

**017. -- 999. (RESERVED).**

# Subject Index

- A**  
Acquisition Of Ownership Interest,  
Director Or Officer Of Mutual  
Insurance Holding Company 11  
Affiliated Person 2  
Allowance For Experts, Director May  
Hire For Reviewing Stock Offering  
Applications 9  
Application - Content - Process,  
Insurance Holding Company 4  
Application For Stock Offering, Mutual  
Insurance Holding Company 8  
Approval Of Merger Or Acquisition  
Required, Mutual Insurance Holding  
Company 7  
Approval Required For Distribution To  
Policyholders, Mutual Insurance  
Holding Company 7
- C**  
Compliance With Insurance Holding  
Company Law Required 7  
Compliance With Provisions Of  
Insurance Holding Company  
Law 10  
Concurrent Filing With SEC Allowed,  
Mutual Insurance Holding Company  
Stock Offering 9
- D**  
Definitions, IDAPA 18.01.78, Mutual  
Insurance Holding Company  
Rules 2  
Designation Of Application As Limited  
Or Standard, Insurance Holding  
Company 4  
Director Shall Retain Jurisdiction,  
Mutual Insurance Holding  
Company 6  
Director's Prior Approval Required,  
Stock Offerings, Mutual Insurance  
Holding Company 8  
Domestic Mutual Insurance  
Company 3  
Duties Of The Director, Insurance  
Holding Company 6
- E**  
Expiration Of Approval Of Stock  
Offering, Mutual Insurance Holding  
Company 10
- F**  
Filing Of SEC Forms With Department,  
Mutual Insurance Holding  
Company 11
- I**  
Information To Be Contained In  
Application, Insurance Holding  
Company 4  
Insurance Company Subsidiary  
Investment Requirements For Mutual  
Holding Company 7  
Interested Person 3  
Intermediate Holding Company 3
- L**  
Limited Application 3  
Limited Application, Plan Of  
Reorganization, Insurance Holding  
Company 5
- M**  
Member Of The Immediate Family 3  
Mergers Of Mutual Insurance Holding  
Companies 8  
More Than One Class Of Stock  
Allowed, Mutual Insurance Holding  
Company 9  
Mutual Holding Company Annual  
Financial Statement Filing 7  
Mutual Insurance Holding Company 3
- N**  
Notice Of Hearing, Insurance Holding  
Company 4
- P**  
Plan Of Reorganization, Insurance  
Holding Company 5  
Plan Of Reorganization, To Reorganize  
A Domestic Mutual Insurance  
Company 3  
Prohibited Practices, Mutual Insurance  
Holding Company 10  
Public Hearing, Mutual Insurance  
Holding Company, Stock  
Offering 9
- R**  
Regulation - Compliance With  
Insurance Holding Company Law  
Required 7  
Regulation Of Holding Company  
System, Mutual Insurance Holding  
Company 10  
Reorganization Of Domestic Mutual  
Insurer With Mutual Insurance  
Holding Company 7  
Reorganization Of Foreign Mutual  
Insurer With Mutual Insurance  
Holding Company 8  
Reporting Of Stock Ownership &  
Transactions, Mutual Insurance  
Holding Company 11  
Required Provisions, Mutual Insurance  
Holding Company, Stock  
Offering 8
- S**  
Standard Application 3  
Standard Application, Plan Of  
Reorganization, Insurance Holding  
Company 5  
Stock Offering 3  
Stock Offerings, Mutual Insurance  
Holding Company 8  
Subsequent Offerings Of Publicly  
Traded Stock, Mutual Insurance  
Holding Company 10
- V**  
Violations Of Insurance Code, Mutual  
Insurance Holding Company 11
- W**  
Waiver Of Compliance Not Allowed,  
Insurance Holding Company 7