

between individuals of the same class and equal expectation of life, policies containing such provisions will henceforth be considered as contrary to statute and the public interest.

a. It is also in the public interest that every policy of life insurance should bear in a prominent place a reasonably accurate brief description of the nature of the insurance contract afforded by the insurance policy. To that end, phrases as "profit sharing", "charter plan", "Founder's Plan" and other such words and phrases when used in connection with any type of life insurance policy shall be deemed to be misleading and ambiguous and a violation of the insurance statutes of this state.

5. Insurance policies which include a series of coupons or additional benefits featured in combination with an insurance contract will be permitted in this state. Such coupons are usually pure endowments, and are essentially a return of a portion of the premium which the policyholder has already paid. This being true, they should be properly identified as such. Therefore, the policy shall state that a portion of the premium charged is for the coupon benefit. Such language shall be prominently displayed in proximity to the language used to set forth the consideration for the policy.

a. For policies issued under R.S. 22:163, the reserves and nonforfeiture values of such policies must be so calculated that the present value of the pure endowments represented by the coupons, on the same mortality table and interest rate as the policy, are included in the calculation of the nonforfeiture factors, the first year and net renewal premiums and the reserves and non-forfeiture values, but shall be excluded in the calculation of the equivalent level amount.

b. For policies issued under R.S. 22:162(C), the calculations under ordinary insurance shall conform to Illinois Standard Valuation or shall produce reserves equivalent to such standard. The Illinois Standard referred to reads as follows:

"If the premium charged for term insurance under a limited payment life preliminary term policy providing for the payment of all premiums thereon in less than twenty years from the date of the policy or under an endowment preliminary term policy, exceeds that charged for like insurance under twenty-payment life preliminary term policies of the same company, the reserve thereon at the end of any year, including first, shall not be less than the reserve on a twenty-payment life preliminary term policy issued in the same year and at the same age together with an amount which shall be equivalent to the accumulation of a net level premium sufficient to provide for a pure endowment at the end of the premium payment period equal to the difference between the value at the end of such period of such twenty-payment life preliminary term policy and the full reserve at such time of such a limited payment life or endowment policy. The premium-payment period is the period during which premiums are concurrently payable under such twenty-payment life preliminary term policy and such limited-payment life or endowment policy."

c. The premiums referred to shall be construed to mean net premiums so as to make the law's application uniform for all companies. The new 20-payment life premium, on the full one-year preliminary term basis, is thus

made the measure for determining whether the premium for, and the valuation of, other plans of insurance shall be upon the full preliminary term basis or the 20-payment life preliminary term basis. Therefore, the basis is determined not so much by plan of insurance as by relative size of premium at the age of issue.

d. In order that the Insurance Department may be sure that this directive is complied with, each such form which is filed must include a complete and detailed description of the actuarial basis of the policy together with formulae and calculations for at least one specimen age. Also the cover letter must certify that the recommendations of the Hooker Committee have been complied with for policies issued under R.S. 22:163.

6. Before consideration will be given to any policy, the letter of transmittal must contain a certification by an executive officer that such policy has been approved by the insurer's domiciliary state.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:162(C) and 22:163.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, October 1, 1962.

Chapter 71. Regulation 24—Proxies, Consents and Authorizations of Domestic Stock Insurers

§7101. Application of Regulation

A. This regulation is applicable to each domestic stock insurer which has any class of equity security held of record by one hundred or more persons; provided, however, that this regulation shall not apply to any insurer if 95 percent or more of its equity securities are owned or controlled by a parent or an affiliated insurer and the remaining securities are held of record by less than five hundred persons. A domestic stock insurer which files with the Securities and Exchange Commission forms of proxies, consents and authorizations complying with the requirements of the Securities Exchange Act of 1934, as amended, and the applicable regulations promulgated thereunder, shall be exempt from the provisions of this regulation with respect to any class of securities subject to SEC jurisdiction.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1525 and 22:1533.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 17, 1965, amended April 1, 1967.

§7103. Proxies, Consents and Authorizations

A. No domestic stock insurer, or any director, officer or employee of such insurer subject to §7101, or any other person, shall solicit, or permit the use of his name to solicit, by mail or otherwise, any proxy, consent or authorization in respect of any class of equity security of such insurer held of record by one hundred or more persons in contravention of this regulation and §§7123 and 7125, Schedules A and B.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1525 and 22:1533.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 17, 1965, amended April 1, 1967.

§7105. Disclosure of Equivalent Information

A. Unless proxies, consents or authorizations in respect of any class of equity security of a domestic insurer subject to §7101 hereof are solicited by or on behalf of the management of such insurer from the holders of record of such security in accordance with this regulation and the Schedules hereunder prior to any annual or other meeting of such security holders, such insurer shall, in accordance with this regulation and such further regulations as the commissioner may adopt, file with the commissioner and transmit to all security holders of record information substantially equivalent to the information which would be required to be transmitted if a solicitation were made. Such insurer shall transmit a written information statement containing the information specified in §7109.D to every security holder who is entitled to vote in regard to any matter to be acted upon at the meeting and from whom a proxy is not solicited on behalf of the management of the insurer; provided, that in the case of a class of securities in unregistered or bearer form such statement need be transmitted only to those security holders whose names and addresses are known to the insurer.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1525 and 22:1533.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 17, 1965, amended April 1, 1967.

§7107. Definitions

A. The definitions and instructions set out in Schedule SIS, as promulgated by the National Association of Insurance Commissioners, shall be applicable for purposes of this regulation.

Solicit and *Solicitation*—for purposes of this regulation shall include:

- a. any request for a proxy, whether or not accompanied by or included in a form of proxy; or
- b. any request to execute or not to execute, or to revoke, a proxy;
- c. the furnishing of a proxy or other communication to security holders under circumstances reasonably calculated to result in the procurement, withholding or revocation of a proxy.

Solicit and *Solicitation*—shall not include:

- a. any solicitation by a person in respect of equity security of which he is the beneficial owner;
- b. action by a broker or other person in respect to equity security carried in his name or in the name of his nominee in forwarding to the beneficial owner of such equity security soliciting material received from the company, or impartially instructing such beneficial owner to forward a proxy to the person, if any, to whom the beneficial owner desires to give a proxy, or impartially requesting instructions from the beneficial owner with respect to the

authority to be conferred by the proxy and stating that a proxy will be given if the instructions are received by a certain date;

- c. the furnishing of a form of proxy to a security holder upon the unsolicited request of such security holder, or the performance by any person of ministerial acts on behalf of a person soliciting a proxy.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1525 and 22:1533.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 17, 1965.

§7109. Information to Be Furnished to Security Holders

A. No solicitation subject to this regulation shall be made unless each person solicited is concurrently furnished or has previously been furnished with a written proxy statement containing the information specified in §7123.

B. If the solicitation is made on behalf of the management of the insurer and relates to an annual meeting of security holders at which directors are to be elected, each proxy statement furnished pursuant to §7109.A shall be accompanied or preceded by an annual report (in preliminary or final form) to such security holders containing such financial statements for the last fiscal year as are referred to in Schedule SIS under the heading "Financial Reporting to Security Holders". Subject to the foregoing requirements with respect to financial statements, the annual report to security holders may be in any form deemed suitable by the management.

C. Two copies of each report sent to the security holders pursuant to §7109 shall be mailed to the commissioner not later than the date on which such report is first sent or given to security holders or the date on which preliminary copies of solicitation material are filed with the commissioner pursuant to §7113.A, whichever date is later.

D. If no solicitation is being made by management of the insurer with respect to any annual or other meeting, such insurer shall mail to every security holder of record at least twenty days prior to the meeting date, an information statement as required by §7109.C, containing the information called for by §7123, other than §7123.A, C, and D, which would be applicable to any matter to be acted upon at the meeting if proxies were to be solicited in connection with the meeting. If such information statement relates to an annual meeting at which directors are to be elected, it shall be accompanied by an annual report to such security holders in the form provided in §7109.B.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1525 and 22:1533.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 17, 1965, amended April 1, 1967.

§7111. Requirements as to Proxy

A. The form of proxy shall:

1. indicate in bold-face type whether or not the proxy is solicited on behalf of the management;

2. provide a specifically designated blank space for dating the proxy; and

3. identify clearly and impartially each matter or group of related matters intended to be acted upon, whether proposed by the management, or security holders. No reference need be made to proposals as to which discretionary authority is conferred pursuant to §7111.C.

B.1. Means shall be provided in the proxy for the person solicited to specify by ballot a choice between approval or disapproval of each matter or group of related matters referred to therein, other than elections to office. A proxy may confer discretionary authority with respect to matters as to which a choice is not so specified if the form of proxy states in bold-face type how it is intended to vote the shares or authorization represented by the proxy in each such case.

2. A form of proxy which provides both for elections to office and for action on other specified matters shall be prepared so as to clearly provide, by a box or otherwise, means by which the security holder may withhold authority to vote for elections to office. Any such form of proxy which is executed by the security holder in such manner as not to withhold authority to vote for elections to office shall be deemed to grant such authority, provided the form of proxy so states in bold-face type.

C. A proxy may confer discretionary authority with respect to other matters which may come before the meeting, provided the persons on whose behalf the solicitation is made are not aware a reasonable time prior to the time the solicitation is made that any other matters are to be presented for action at the meeting and provided further "that a specific statement to that effect is made in the proxy statement or in the form of proxy. (A proxy may also confer discretionary authority with respect to any proposal omitted from the proxy statement and form of proxy pursuant to §7115.)"

D. No proxy shall confer authority:

1. to vote for the election of any person to any office for which a bona fide nominee is not named in the proxy statement; or

2. to vote at any annual meeting other than the next annual meeting (or any adjournment thereof) to be held after the date on which the proxy statement and form of proxy are first sent or given to security holders.

E. The proxy statement or form of proxy shall provide, subject to reasonable specified conditions, that the proxy will be voted and that where the person solicited specifies by means of ballot provided pursuant to §7111.B a choice with respect to any matter to be acted upon, the vote will be in accordance with the specifications so made.

F. The information included in the proxy statement or information statement shall be clearly presented and the statements made shall be divided into groups according to subject matter, with appropriate headings. All printed proxy statements or information statements shall be clearly and legibly presented.

*To be used only if Section Eight is adopted.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1525 and 22:1533.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 17, 1965, amended April 1, 1967.

§7113. Material Required to be Filed

A. Two preliminary copies of the information statement or the proxy statement and form of proxy and any other soliciting material to be furnished to security holders concurrently therewith shall be filed with the commissioner at least 10 days prior to the date definitive copies of such material are first sent or given to security holders, or such shorter period prior to that date as the commissioner may authorize upon a showing of good cause therefor.

B. Two preliminary copies of any additional soliciting material relating to the same meeting or subject matter to be furnished to security holders subsequent to the proxy statements shall be filed with the commissioner at least two days (exclusive of Saturdays, Sundays or holidays) prior to the date copies of this material are first sent or given to security holders or a shorter period prior to such date as the commissioner may authorize upon a showing of good cause therefor.

C. Two definitive copies of the information statement or the proxy statement, form of proxy and all other soliciting material, in the form in which this material is furnished to security holders, shall be filed with, or mailed for filing to, the commissioner not later than the date such material is first sent or given to the security holder.

D. Where any information statement or proxy statement, form of proxy or other material filed pursuant to these rules is amended or revised, two of the copies shall be marked to clearly show such changes.

E. Copies of replies to inquiries from security holders requesting further information and copies of communications which do no more than request that forms of proxy theretofore solicited be signed and returned need not be filed pursuant to §7113.

F. Notwithstanding the provisions of §7113.A and B and of §7121.E, copies of soliciting material in the form of speeches, press releases and radio or television scripts may, but need not, be filed with the commissioner prior to use or publication. Definitive copies, however, shall be filed with or mailed for filing to the commissioner as required by §7113.C not later than the date such material is used or published. The provisions of §7113.A and B and §7121.E shall apply, however, to any reprints or reproductions of all or any part of such material.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1525 and 22:1533.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 17, 1965, amended April 1, 1967.

§7115. Proposals of Stockholders

(This Section would provide a procedure for presentation of security holder proposals where the insurance supervisory official deems the state's corporate or other laws do not provide satisfactory methods for such presentation. It was agreed that a decision on its inclusion in the regulations be postponed until this June, 1965 meeting and that, in the meantime, the subject be given further study.)

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1525 and 22:1533.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 17, 1965, amended April 1, 1967.

§7117. False or Misleading Statements

A. No proxy statement, form of proxy, notice of meeting, information statement, or other communication, written or oral, subject to this regulation, shall contain any statement which at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the same meeting or subject matter which has become false or misleading.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1525 and 22:1533.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 17, 1965, amended April 1, 1967.

§7119. Prohibition of Certain Solicitations

A. No person making a solicitation which is subject to this regulation shall solicit any undated or postdated proxy or any proxy which provides that it shall be deemed to be dated as of any date subsequent to the date on which it is signed by the security holder.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1525 and 22:1533.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 17, 1965.

§7121. Special Provisions Applicable to Election Contest

A. Applicability. This Section shall apply to any solicitation subject to this regulation by any person or group for the purpose of opposing a solicitation subject to this regulation by any other person or group with respect to the election or removal of directors at any annual or special meeting of security holders.

B. Participant or Participant in a Solicitation

1. For purposes of this Section the terms *participant* and *participant in a solicitation* include:

- a. the insurer;
- b. any director of the insurer, and any nominee for whose election as a director proxies are solicited;

c. any other person, acting alone or with one or more other persons, committees or groups, in organizing, directing or financing the solicitation.

2. For the purposes of §7121 the terms *participant* and *participant in a solicitation* do not include:

a. a bank, broker or dealer who, in the ordinary course of business, lends money or executes orders for the purchase or sale of equity security and who is not otherwise a participant;

b. any person or organization retained or employed by a participant to solicit security holders or any person who merely transmits proxy soliciting materials or performs ministerial or clerical duties;

c. any person employed in the capacity of attorney, accountant, or advertising, public relations or financial adviser, and whose activities are limited to the performance of his duties in the course of such employment;

d. any person regularly employed as an officer or employee of the insurer or any of its subsidiaries or affiliates who is not otherwise a participant; or

e. any officer or director of, or any person regularly employed by any other participant, if such officer, director, or employee is not otherwise a participant.

C. Filing of Information Required by §7125, Schedule B

1. No solicitation subject to §7121 shall be made by any person other than the management of an insurer unless at least five business days prior thereto, or such shorter period as the commissioner may authorize upon a showing of good cause therefor, there has been filed, with the commissioner by or on behalf of each participant in such solicitation, a statement, in duplicate, containing the information specified by §7125, Schedule B, and a copy of any material proposed to be distributed to security holders in furtherance of such solicitation. Where preliminary copies of any materials are filed, distribution to security holders should be deferred until the commissioner's comments have been received and complied with.

2. Within five business days after a solicitation subject to §7121 is made by the management of an insurer, or such longer period as the commissioner may authorize upon a showing of good cause therefor, there shall be filed with the commissioner by or on behalf of each participant in such solicitation, other than the insurer, and by or on behalf of each management nominee for director, a statement, in duplicate, containing the information specified by §7125, Schedule B.

3. If any solicitation on behalf of management or any other person has been made, or if proxy material is ready for distribution, prior to a solicitation subject to §7121 in opposition thereto, a statement, in duplicate, containing the information specified in §7125, Schedule B shall be filed with the commissioner by or on behalf of each participant in such prior solicitation, other than the insurer, as soon as reasonably practicable after the commencement of the solicitation in opposition thereto.

4. If, subsequent to the filing of the statements required by §7121.C.1, 2, and 3, additional persons become participants in a solicitation subject to this rule, there shall be filed with the commissioner by or on behalf of each such person, a statement, in duplicate, containing the information specified by §7125, Schedule B, within three business days after such person becomes a participant, or such longer period as the department may authorize upon a showing of good cause therefor.

5. If any material change occurs in the facts reported in any statement filed by or on behalf of any participant, an appropriate amendment to such statement shall be filed promptly with the commissioner.

6. Each statement and amendment thereto filed pursuant to §7121.C.6 shall be part of the public files of the commissioner.

D. Solicitations Prior to Furnishing Required Written Proxy Statement

1. Notwithstanding the provisions of §7109.A, a solicitation subject to §7121 may be made prior to furnishing security holders a written proxy statement containing the information specified in §7123, Schedule A with respect to such solicitation, provided that:

a. the statements required by §7121.C are filed by or on behalf of each participant in such solicitation;

b. no form of proxy is furnished to security holders prior to the time the written proxy statement required by §7109.A is furnished to such persons; provided, however, that §7121.D.1.b shall not apply where a proxy statement then meeting the requirements of §7123, Schedule A has been furnished to security holders;

c. at least the information specified in §7121.C.2 and 3 of the statements required by §7121.C to be filed by each participant, or an appropriate summary thereof, are included in each communication sent or given to security holders in connection with the solicitation;

d. a written proxy statement containing the information specified in §7123, Schedule A with respect to a solicitation is sent or given security holders at the earliest practicable date.

E. Solicitations Prior to Furnishing Required Written Proxy Statement—Filing Requirements

1. Two copies of any soliciting material proposed to be sent or given to security holders prior to the furnishing of the written proxy statement required by §7109.A shall be filed with the commissioner in preliminary form at least five business days prior to the date definitive copies of such material are first sent or given to such persons, or shorter period as the commissioner may authorize upon a showing of good cause therefor.

F. Application of §7121 to Report

1. Notwithstanding the provisions of §7109.B and C, two copies of any portion of the report referred to in §7109.B which comments upon or refers to any solicitation

subject to §7121, or to any participant in any such solicitation, other than the solicitation by the management, shall be filed with the commissioner as proxy material subject to this regulation. Such portion of the report shall be filed with the commissioner in preliminary form at least five business days prior to the date copies of the report are first sent or given to security holders.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1525 and 22:1533.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 17, 1965.

§7123. Schedule A—Information Required in Proxy Statement

A. Revocability of Proxy

1. State whether or not the person giving the proxy has the power to revoke it. If the right of revocation before the proxy is exercised is limited or is subject to compliance with any formal procedure, briefly describe such limitation or procedure.

B. Dissenters' Right of Appraisal

1. Outline briefly the rights of appraisal or similar rights of dissenting security holders with respect to any matter to be acted upon and indicate any statutory procedure required to be followed by such security holders in order to perfect their rights. Where such rights may be exercised only within a limited time after the date of the adoption of a proposal, the filing of a charter amendment, or other similar act, state whether the person solicited will be notified of such date.

C. Persons Making Solicitations Not Subject to §7121

1. If the solicitation is made by the management of the insurer, so state. Give the name of any director of the insurer who has informed the management, in writing, that he intends to oppose any action intended to be taken by the management and indicate the action which he intends to oppose.

2. If the solicitation is made otherwise than by the management of the insurer, state the names and addresses of the persons by whom and on whose behalf it is made and the names and addresses of the persons by whom the cost of solicitation has been or will be borne, directly or indirectly.

3. If the solicitation is to be made by specially engaged employees or paid solicitors, state:

a. the material features of any contract or arrangement for such solicitation and identify the parties; and

b. the cost or anticipated cost thereof.

D. Interest of Certain Persons in Matters to Be Acted Upon

1. Describe briefly any substantial interest, direct or indirect, by security holders or otherwise, of any director, nominee for election for director, officer and, if the solicitation is made otherwise than on behalf of

management, each person on whose behalf the solicitation is made, in any matter to be acted upon other than elections to office.

E. Voting Securities

1. State, as to each class of voting equity security of the insurer entitled to be voted at the meeting, the number of shares outstanding and the number of votes to which each class is entitled.

2. Give the date as of which the record list of security holders entitled to vote at the meeting will be determined. If the right to vote is not limited to security holders of record on that date, indicate the conditions under which other security holders may be entitled to vote.

3. If action is to be taken with respect to the election of directors and if the persons solicited have cumulative voting rights, make a statement that they have such rights and state briefly the conditions precedent to the exercise thereof.

F. Nominees and Directors

1. If action is to be taken with respect to the election of directors, furnish the following information, in tabular form to the extent practicable, with respect to each person nominated for election as a director and each other person whose term of office as a director will continue after the meeting.

a. Name each such person, state when his term of office or the term of office for which he is a nominee will expire, and all other positions and offices with the insurer presently held by him, and indicate which persons are nominees for election as directors at the meeting.

b. State his present principal occupation or employment and give the name and principal business of any corporation or other organization in which such employment is carried on. Furnish similar information as to all of his principal occupations or employments during the last five years, unless he is now a director and was elected to his present term of office by a vote of security holders at a meeting for which proxies were solicited under this regulation.

c. If he is or has previously been a director of the insurer, state the period or periods during which he has served as such.

d. State, as of the most recent practicable date, the approximate amount of each class of stock of the insurer or any of its parents, subsidiaries or affiliates other than directors' qualifying shares, beneficially owned directly or indirectly by him. If he is not the beneficial owner of any such equity securities make a statement to that effect.

G. Remuneration and Other Transactions with Management and Others

1. Furnish the information reported or required in item one of Schedule SIS under the heading "Information Regarding Management and Directors" if action is to be taken with respect to:

- a. the election of directors;
- b. any remuneration plan, contract or arrangement in which any director, nominee for election as a director, or officer of the insurer will participate;
- c. any pension or retirement plan in which any such person will participate; or
- d. the granting of extension to any such person of any options, warrants or rights to purchase any equity securities, other than warrants or rights issued to security holders, as such, on a pro rata basis. If the solicitation is made on behalf of persons other than the management, information shall be furnished only as to Item IA of the aforesaid heading of Schedule SIS.

H. Bonus, Profit Sharing and Other Remuneration Plans

1. If action is to be taken with respect to any bonus, profit sharing, or other remuneration plan, of the insurer furnish the following information:

- a. a brief description of the material features of the plan, each class of persons who will participate therein, the approximate number of persons in each such class, and the basis of such participation;
- b. the amounts which would have been distributable under the plan during the last calendar year to:
 - i. each person named in item §7123.G;
 - ii. directors and officers as a group; and
 - iii. to all other employees as a group, if the plan had been in effect;
- c. if the plan to be acted upon may be amended (other than by a vote of security holders) in a manner which would materially increase the cost thereof to the insurer or materially alter the allocation of the benefits as between the groups specified in §7123.H.1.b, the nature of such amendments should be specified.

I. Pension and Retirement Plans

1. If action is to be taken with respect to any pension or retirement plan of the insurer, furnish the following information:

- a. a brief description of the material features of the plan, each class of persons who will participate therein, the approximate number of persons in each such class, and the basis of such participation;
- b. state:
 - i. the approximate total amount necessary to fund the plan with respect to past services, the period over which such amount is to be paid, and the estimated annual payments necessary to pay the total amount over such period;
 - ii. the estimated annual payment to be made with respect to current services; and
 - iii. the amount of such annual payments to be made for the benefit of:

- (a). each person named in §7123.G;

- (b). directors and officers as a group; and
- (c). employees as a group;

c. if the plan to be acted upon may be amended (other than by a vote of security holders) in a manner which would materially increase the cost thereof to the insurer or materially alter the allocation of the benefits as between the groups specified in §7123.I.b.iii the nature of such amendments should be specified.

J. Options, Warrants, or Rights

1. If action is to be taken with respect to the granting or extension of any options, warrants or rights (all referred to herein as "warrants") to purchase stock of the insurer or any subsidiary or affiliate, other than warrants issued to all security holders on a pro rata basis, furnish the following information:

a. the title and amount of equity security called for or to be called for, the prices, expiration dates and other material conditions upon which the warrants may be exercised, the consideration received or to be received by the insurer, subsidiary or affiliate for the granting or extension of the warrants and the market value of the equity security called for or to be called for by the warrants, as of the latest practicable date;

b. if known, state separately the amount of equity security called for or to be called for by warrants received or to be received by the following persons, naming each such person:

- i. each person named in §7123.G; and
- ii. each other person who will be entitled to acquire 5 percent or more of the equity security called for or to be called for by such warrants;

c. if known, state also the total amount of equity security called for or to be called for by such warrants, received or to be received by all directors and officers of the company as a group and all employees, without naming them.

K. Authorization or Issuance of Stock

1. If action is to be taken with respect to the authorization or issuance of any equity security of the insurer furnish the title, amount and description of the equity security to be authorized or issued.

2. If the shares of equity security are other than additional shares or common equity security of a class outstanding, furnish a brief summary of the following, if applicable:

- a. dividend;
- b. voting;
- c. liquidation;
- d. preemptive and conversion rights;
- e. redemption and sinking fund provisions;
- f. interest rate and date of maturity.

3. If the shares of equity security to be authorized or issued are other than additional shares of common equity security of a class outstanding, the commissioner may require financial statements comparable to those contained in the annual report.

L. Mergers, Consolidations, Acquisitions and Similar Matters

1. If action is to be taken with respect to a merger, consolidation, acquisition, or similar matter, furnish in brief outline the following information:

a. the rights of appraisal or similar rights of dissenters with respect to any matters to be acted upon. Indicate any procedure required to be followed by dissenting security holders in order to perfect such rights;

b. the material features of the plan or agreement;

c. the business done by the company to be acquired or whose assets are being acquired;

d. if available, the high and low sales prices for each quarterly period within two years;

e. the percentage of outstanding shares which must approve the transaction before it is consummated.

2. For each company involved in a merger, consolidation or acquisition, the following financial statements should be furnished:

a. a comparative balance sheet as of the close of the last two fiscal years;

b. a comparative statement of operating income and expenses for each of the last two fiscal years and, as a continuation of each statement, a statement of earnings per share after related taxes and cash dividends paid per share;

c. a pro forma combined balance sheet and income and expenses statement for the last fiscal year giving effect to the necessary adjustments with respect to the resulting company.

M. Restatement of Accounts

1. If action is to be taken with respect to the restatement of any asset, capital, or surplus of the insurer, furnish the following information.

a. State the nature of the restatement and the date as of which is to be effective.

b. Outline briefly the reasons for the restatement and for the selection of the particular effective date.

c. State the name and amount of each account affected by the restatement and the effect of the restatement thereon.

N. Matters Not Required to Be Submitted

1. If action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders, state the nature of such matter, the reason for

submitting it to a vote of security holders and what action is intended to be taken by the management in the event of a negative vote on the matter by the security holders.

O. Amendment of Charter, By-Laws, or Other Documents

1. If action is to be taken with respect to any amendment of the insurer's charter, by-laws or other documents as to which information is not required above, state briefly the reasons for and general effect of such amendment and the vote needed for its approval.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1525 and 22:1533.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 17, 1965, amended April 1, 1967.

§7125. Schedule B—Information to Be Included in Statements Filed by or on Behalf of a Participant (other than the insurer) in a Proxy Solicitation in an Election Contest

A. Insurer. State the name and address of the insurer.

B. Identity and Background

1. State the following:

a. your name and business address;

b. your present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is carried on.

2. State the following:

a. your residence address;

b. information as to all material occupations, positions, offices or employments during the last 10 years, giving starting and ending dates of each and the name, principal business and address of any business corporation or other business organization in which each such occupation, position, office or employment was carried on.

3. State whether or not you are or have been a participant in any other proxy contest involving this company or other companies within the past 10 years. If so, identify the principals, the subject matter and your relationship to the parties and the outcome.

4. State whether or not, during the past 10 years, you have been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) and, if so, give dates, nature of conviction, name and location of court, and penalty imposed or other disposition of the case. A negative answer to this sub-item need not be included in the proxy statement or other proxy soliciting material.

C. Interest in Equity Security of the Insurer

1. State the amount of each class of equity security of the insurer which you own beneficially, directly or indirectly.

2. State the amount of each class of equity security of the insurer which you own of record but not beneficially.

3. State with respect to the equity security specified in §7125.C.1 and 2, the amounts acquired within the past two years, the dates of acquisition and the amounts acquired on each date.

4. If any part of the purchase price or market value of any of the equity security specified in §7125.C.3 is represented by funds borrowed or otherwise obtained for the purpose of acquiring or holding such equity security, so state and indicate the amount of the indebtedness as of the latest practicable date. If such funds were borrowed or obtained otherwise than pursuant to a margin account or bank loan in the regular course of business of a bank, broker or dealer, briefly describe the transaction, and state the names of the parties.

5. State whether or not you are a party to any contracts, arrangements or understandings with any person with respect to any equity security of the insurer including, but not limited to, joint ventures, loan or option arrangements, puts or calls, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. If so name the persons with whom such contracts, arrangements, or understanding exist and give the details thereof.

6. State the amount of equity security of the insurer owned beneficially, directly or indirectly, by each of your associates and the name and address of each such associate.

7. State the amount of each class of equity security of any parent, subsidiary or affiliate of the insurer which you own beneficially, directly or indirectly.

D. Further Matters

1. Describe the time and circumstances under which you became a participant in the solicitation and state the nature and extent of your activities or proposed activities as a participant.

2. Describe briefly, and where practicable state the approximate amount of, any material interest, direct or indirect, of yourself and of each of your associates in any material transactions since the beginning of the company's last fiscal year, or in any material proposed transactions, to which the company or any of its subsidiaries or affiliates was or is to be a party.

3.a. State whether or not you or any of your associates have any arrangement or understanding with any person:

i. with respect to any future employment by the insurer or its subsidiaries or affiliates; or

ii. with respect to any future transactions to which the insurer or any of its subsidiaries or affiliates will or may be a party.

b. If so, describe such arrangement or understanding and state the names of the parties thereto.

E. Signature

1. The statement shall be dated and signed in the following manner:

I certify that the statements made in this statement are true, complete, and correct, to the best of my knowledge and belief.

(Date)

(Signature of Participant or
Authorized Representative)

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1525 and 22:1533.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 17, 1965, amended April 1, 1967.

Chapter 73. Regulation 25—Sale of Stock to Public; Stock Options

§7301. Sale of Stock; Stock Options

A. No new old line legal reserve life insurance company will be registered to sell stock to the public unless at least \$1,000,000 is sold.

B. No new industrial life insurance company will be registered to sell stock to the public unless at least \$300,000 is sold.

C. At least 100 percent of the proceeds of the sale of stock must be placed in escrow until either of the above amounts has been sold or until the expiration of one year from the date of original registration.

D. No company will be registered with a par value of less than \$1 per share.

E. Stock options must comply with "Restricted Stock Options" under the *Internal Revenue Code*, and such options can not exceed 10 percent of the total outstanding shares after the sale to the public.

F. All officers, directors, incorporators or promoters of insurance companies must pay at least 85 percent of the public offering price into the company. No stock may be subscribed for at par by such individuals and then a public offering made at a price considerably in excess of par.

G. No stock of an insurance company, whether original or secondary, can be sold to pay off a personal loan of the holder thereof.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, May 28, 1964.

Chapter 75. Regulation 27—Insider Trading of Equity Securities of a Domestic Stock Insurance Company

Subchapter A. General Application

§7501. Definitions

Act—Act 8 of the 1966 Legislature of Louisiana.

Class—all securities of an insurer which are of substantially similar character and the holders of which enjoy substantially similar rights and privileges.

Equity Security—any stock or similar security; or any voting trust certificate or certificate of deposit for such a security; or any security convertible, with or without consideration into such a security, or carrying any warrant or right to subscribe to or purchase such a security; or any such warrant or right.

Insurer—any domestic stock insurance company, with an equity security subject to the provisions of Act 8 of the 1966 Legislature of Louisiana and not exempt thereunder.

Officer—a president, vice president, treasurer, actuary, secretary, controller and any other person who performs for the insurer functions corresponding to those performed by the foregoing officers.

Securities Held of Record—

1. for the purpose of determining whether the equity securities of an insurer are held of record by 100 or more persons, securities shall be deemed to be *held of record* by each person who is identified as the owner of such securities on records of security holders maintained by or on behalf of the insurer, subject to the following:

a. in any case where the records of security holders have not been maintained in accordance with accepted practice, any additional person who would be identified as such an owner on such records if they had been maintained in accordance with accepted practice shall be included as a holder of record;

b. securities identified as held of record by a corporation, a partnership, a trust whether or not the trustees are named, or other organization shall be included as so held by one person;

c. securities identified as held of record by one or more persons as trustees, executors, guardians, custodians or in other fiduciary capacities with respect to a single trust, estate or account shall be included as held of record by one person;

d. securities held by two or more persons as co-owners shall be included as held by one person;

e. each outstanding unregistered or bearer certificate shall be included as held of record by a separate person, except to the extent that the insurer can establish that, if such securities were registered, they would be held of record, under the provisions of this rule, by a lesser number of persons;

f. securities registered in substantially similar names where the insurer has reason to believe because of the address or other indications that such names represent the same person, may be included as held of record by one person;

2. notwithstanding Paragraph 1 of this definition: