

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 81

BY BUSINESS COMMITTEE

AN ACT

1 RELATING TO INSURANCE; AMENDING SECTION 41-2835, IDAHO CODE, TO INCREASE THE
2 MAXIMUM NUMBER ON A BOARD OF DIRECTORS FOR CERTAIN INSURERS AND TO MAKE
3 TECHNICAL CORRECTIONS.
4

5 Be It Enacted by the Legislature of the State of Idaho:

6 SECTION 1. That Section 41-2835, Idaho Code, be, and the same is hereby
7 amended to read as follows:

8 41-2835. DIRECTORS. (1) The affairs of every domestic insurer shall be
9 managed by a board of directors consisting of not less than five (5) direc-
10 tors ~~not~~ or more than ~~fifteen~~ twenty-five (~~15~~) directors.

11 (2) Directors shall be elected by the members or stockholders of a do-
12 mestic insurer at the annual meeting of stockholders or members. Directors
13 may be elected for terms of not more than five (5) years each and until their
14 successors are elected and have qualified, ~~and if~~ to be elected for terms
15 of more than one (1) year, the insurer's bylaws shall provide for a staggered
16 term system under which the terms of a proportionate part of the members of
17 the board of directors shall expire on the date of each annual meeting of
18 stockholders or members.

19 (3) A director of a mutual insurer shall be a policyholder thereof.

20 (4) As to an insurer operating as an authorized insurer only in the
21 state of Idaho, a majority of the members of the insurer's board of directors
22 shall be citizens of and shall actually reside in this state.

23 (5) Notwithstanding the provisions of subsection (1) of this section,
24 a service corporation converted to a mutual insurer pursuant to section
25 41-2854A, Idaho Code, shall be managed by a board of directors consisting
26 of not less than five (5) directors ~~not~~ or more than twenty-five (25) direc-
27 tors. In the case of a service corporation that was a professional service
28 corporation under chapter 34, title 41, Idaho Code, immediately prior to
29 the effective date of its plan of mutualization, the board of directors
30 after the effective date may include professionals of the kind or kinds
31 designated in the corporation's articles of incorporation as participant
32 licensees immediately prior to such effective date, ~~so~~ as long as a majority
33 of directors are not professionals of the kind or kinds so designated. In
34 the case of a service corporation that was a hospital service corporation
35 under chapter 34, title 41, Idaho Code, immediately prior to the effective
36 date of its plan of mutualization, the board of directors after the effec-
37 tive date shall include one (1) or more individuals representing a hospital
38 or hospitals, ~~so~~ as long as a majority of directors are not representing or
39 employed by any hospital. In the case of a service corporation that was a
40 combined professional service and hospital service corporation under chap-
41 ter 34, title 41, Idaho Code, immediately prior to the effective date of its
42 plan of mutualization, the board of directors after the effective date shall

1 include one (1) or more individuals representing a hospital or hospitals,
2 and one (1) or more professionals of the kind or kinds designated in the cor-
3 poration's articles of incorporation as participant licensees immediately
4 prior to such effective date, ~~se~~ as long as a majority of directors are nei-
5 ther such professionals nor representing or employed by any hospital, nor
6 any combination thereof; further, the number of directors who are hospital
7 representatives shall equal the number of directors who are professionals of
8 the kind or kinds designated as participant licensees in the corporation's
9 articles of incorporation in effect immediately prior to such effective
10 date. Notwithstanding the provisions of subsection (3) of this section, a
11 director elected as a hospital representative need not be a policyholder ~~se~~
12 as long as the represented hospital is a policyholder.