

In Re:)	
)	
North Yarmouth-Cumberland)	
Mutual Fire Insurance Company)	Order Approving
Request for Voluntary Dissolution)	Voluntary Dissolution
)	
)	
Docket No. INS-23-400)	

I. BACKGROUND

On November 15, 2022, North Yarmouth-Cumberland Mutual Fire Insurance Company (“NY-C”) submitted a Request for Voluntary Dissolution together with a proposed Plan of Dissolution.

NY-C (NAIC Code 14477, ME License NO. FAD29478) is a mutual insurance company that was organized in 1853. On July 20, 2022, the company’s Board of Directors voted to wind down and dissolve the company and to distribute its remaining assets to the members according to a Plan of Dissolution (“the Plan”).

The Plan designated Jeff Steinman, President, and Lincoln J. Merrill, Jr., Director, as trustees to carry out and complete the Plan. Under the Plan, all policies would be cancelled 45 days after it was approved at a Special Meeting of the members. Once approved by the Superintendent, the Plan provided that, after obligations of the company were satisfied, the trustees would distribute the remaining assets in equal shares to “qualifying policyholders.” The Plan defined “qualifying policyholders” as members who have been with the company for at least one year and at any time within 36 months of the date of liquidation, consistent with 24-A M.R.S. § 3485.

NY-C represented that it provided written notice to members on September 7, 2022, advising of the decision to dissolve and the date of a Special Meeting to vote on the dissolution plan. The meeting was held on September 22, 2022. According to NY-C, twenty members submitted timely votes in favor of the Plan; an additional two submitted untimely votes in favor; thirty-four members did not vote either for or against the Plan.

II. DISCUSSION

Section 3484 of the Insurance Code sets out the requirements that an insurer must meet to dissolve voluntarily. The insurer may not be the subject of a delinquency proceeding under Title 24-A, Chapter 57. If a mutual company, the insurer must have a plan of dissolution that at least two-thirds of its policyholders voting thereon have approved. The plan must provide for disposition of its in-force policies and full discharge of its obligations, and designate trustees to execute the plan. The Superintendent “shall approve the plan” unless found to be “unlawful or unfair or inequitable or prejudicial” to the interests of any policyholder or creditor. 24-A M.R.S. § 3484(2).

Section 3485 of the Insurance Code sets out the requirements for determination of a mutual insurer member's share of assets on liquidation. Among other matters, the insurer shall make a reasonable classification of its policies held by members, and develop a formula based upon such classification for determination of the equitable distributive share to each member. The classification and formula "shall be subject to the approval" by the Superintendent, who "shall approve the same except for reasonable cause." 24-A M.R.S. § 3485(2).

The Plan meets the standards of Sections 3484 and 3485. The Plan obtained the approval of the company's Board of Directors and all members who cast a vote. The Plan's distribution formula gives one share of the company's remaining assets to each qualifying policyholder and is reasonable. For these reasons and on the basis of the materials that NY-C provided to the Bureau of Insurance, it is found that the Plan is not unlawful or unfair or inequitable or prejudicial to the interests of any policyholder or creditor.

III. ORDER

The November 15, 2022 Request for Voluntary Dissolution and the accompanying Plan of Dissolution are hereby approved, subject to the following conditions:

Final implementation of the Plan shall be made in accordance with the provisions of 24-A M.R.S. §§ 3484(5) and (6).


Once the Plan is completed, the trustees shall file the required certifications with the Superintendent and the Secretary of State.

IV. NOTICE OF HEARING RIGHTS

This Order is made without a hearing. It is not directly appealable to Superior Court. Any person aggrieved by this Order may make written application for a hearing to the Superintendent of Insurance, in the manner provided in 24-A M.R.S. § 229(3), within thirty (30) days after the date the person knew or reasonably should have known of this Order. If no timely request for hearing is filed, this Order will become final upon expiration of the thirty-day period.

PER ORDER OF THE SUPERINTENDENT OF INSURANCE

May 16th, 2023



Timothy N. Schott
Acting Superintendent