

§ 58-65-177. Reorganization.

(a) Hospital Service Corporation to Be Held by Nonprofit Holding Corporation. – Notwithstanding any other provision of this Article, a hospital service corporation may have a nonprofit holding corporation as its ultimate controlling person.

(b) Reorganization Not a Change of Control. – A reorganization shall be considered an internal restructuring that does not have the effect of changing or influencing the control of the hospital service corporation. A reorganization shall not be considered a change of control of the hospital service corporation and shall not be subject to the provisions of G.S. 58-19-15.

(c) Transfers in Connection with Reorganization. – Notwithstanding any other provision of this Article, as part of a reorganization, a hospital service corporation may transfer cash, investments, or equity ownership interests in affiliates or subsidiaries to the nonprofit holding corporation and its subsidiaries by dividend, distribution, or otherwise. The total statutory value of cash, investments, and ownership interests in affiliates or subsidiaries, net of liabilities, transferred as part of a reorganization shall not exceed twenty-five percent (25%) of the hospital service corporation's admitted assets as of its most current annual statement filed with the Commissioner. Any affiliate or subsidiary of the hospital service corporation transferred as part of a reorganization shall not be an insurer engaged in the issuance of health insurance policies.

(d) Compensation. – A director, officer, or employee of the hospital service corporation shall not receive any fee, commission, additional compensation, or other valuable consideration for aiding, promoting, or assisting in a reorganization. This subsection does not apply to compensation paid in the ordinary course of business. (2023-33, s. 1.)