

SENATE BILL No. 1174

February 25, 2010, Introduced by Senators VAN WOERKOM and ALLEN and referred to the Committee on Economic Development and Regulatory Reform.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 1311 (MCL 500.1311), as amended by 1994 PA 227.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1311. (1) A person other than the issuer shall not make a
2 tender offer for or a request or invitation for tenders of, or
3 enter into any agreement to exchange securities for, seek to
4 acquire or acquire, in the open market or otherwise, any voting
5 security of a domestic insurer if, after the consummation thereof,
6 the person directly or indirectly, or by conversion or by exercise
7 of any right to acquire, would be in control of the insurer. A
8 person shall not enter into an agreement to merge with or otherwise
9 to acquire control of a domestic insurer or any person controlling
10 a domestic insurer unless, at the time an offer, request, or
11 invitation is made or an agreement is entered into, or prior to the

1 acquisition of the securities if no offer or agreement is involved,
2 the person has filed with the commissioner and has sent to the
3 insurer which has sent to its shareholders, a statement containing
4 the information required by this chapter and the offer, request,
5 invitation, agreement, or acquisition has been approved by the
6 commissioner in the manner prescribed in this chapter.

7 (2) IF A DOMESTIC INSURER HAS 200 EMPLOYEES OR FEWER, ANY
8 PROPOSAL FOR THE ACQUISITION, MERGER, CONSOLIDATION, OR SHARE
9 EXCHANGE OF THE DOMESTIC INSURER OR ANY PERSON CONTROLLING THE
10 DOMESTIC INSURER, OR THAT SEEKS THE ELECTION OF 2 OR MORE MEMBERS
11 OF THE BOARD OF DIRECTORS OF THE DOMESTIC INSURER OR ANY PERSON
12 CONTROLLING THE DOMESTIC INSURER, SHALL ALSO REQUIRE THE APPROVAL
13 OF 66.67% OF THE OUTSTANDING VOTING SECURITIES IF THE PROPOSAL IS
14 OPPOSED BY A MAJORITY OF THE DOMESTIC INSURER'S BOARD OF DIRECTORS.

15 (3) ~~(2)~~—The person who proposes to enter into an agreement to
16 merge with or otherwise acquire control of a domestic insurer shall
17 file a notification with the commissioner, in such form and
18 containing the information prescribed by applicable rule
19 promulgated or order issued by the commissioner.

20 (4) ~~(3)~~—For purposes of this section through section 1319, a
21 domestic insurer shall include any person controlling a domestic
22 insurer and any foreign insurer whose written insurance premium in
23 this state for each of the most recent 3 years exceeds the premiums
24 written in its state of domicile and whose written premium in this
25 state was 20% or more of its total written premium in each of the
26 most recent 3 years.