



**Senate Fiscal Agency**  
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BILL



ANALYSIS

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Senate Bill 1029 (Substitute S-1 as reported)  
Sponsor: Senator Joe Hune  
Committee: Insurance

### **CONTENT**

The bill would add Chapter 55 (Domestic Stock Insurer Division) to the Insurance Code to do the following:

- Allow a domestic stock insurer to divide into two or more resulting insurers under a plan of division, and require the plan to be filed with the Director of the Department of Insurance and Financial Services.
- Specify what a plan of division would have to include, and the circumstances under which a plan could be amended.
- Specify that all information and materials submitted to, obtained by, or disclosed to the Director in connection with or in contemplation of a plan would be confidential.
- Require all expenses incurred by the Director in connection with proceedings reviewing the proposed division to be paid by the dividing insurer filing the plan of division.
- Require the Director to approve a plan of division under certain conditions.
- Require the Director to issue an order approving a plan of division that would have to be accompanied by findings of fact and conclusions of law if he or she approved the plan.
- Require an officer or duly authorized representative of a dividing insurer to sign a certificate of division after a plan of division had been adopted and approved.
- Include provisions relating to new insurers after a division became effective.
- Specify how capital, surplus, and other assets of a dividing insurer would be vested.
- Specify how the shares in and any securities of each new insurer after a division would have to be distributed, unless otherwise provided in the plan of division.
- List the responsibilities and liabilities of resulting insurers when a division became effective.
- State that liens, security interests, and other charges on the capital, surplus, or other assets of a dividing insurer would not be impaired by the division.
- Specify that a shareholder of a dividing insurer would be entitled to dissent from, and obtain payment of the fair value of the shareholder's shares in connection with, a division in which the dividing insurer did not survive the division.

The bill also would amend the Code to allow a dividing insurer to adopt and execute a plan of merger or consolidation on behalf of a resulting insurer.

MCL 500.7604 et al.

Legislative Analyst: Drew Krogulecki

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Date Completed: 6-11-18

Fiscal Analyst: Elizabeth Raczkowski