

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1029

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 7604 (MCL 500.7604), as amended by 1994 PA 226,
and by adding chapter 55.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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CHAPTER 55
DOMESTIC STOCK INSURER DIVISION
SEC. 5500. AS USED IN THIS CHAPTER:
(A) "ASSETS" MEANS PROPERTY, WHETHER REAL, PERSONAL, MIXED,
TANGIBLE, OR INTANGIBLE, AND ANY RIGHT OR INTEREST IN THE PROPERTY,
INCLUDING ALL RIGHTS UNDER CONTRACTS AND OTHER AGREEMENTS.
(B) "CAPITAL" MEANS THE CAPITAL STOCK COMPONENT OF STATUTORY
SURPLUS, AS DEFINED IN THE NATIONAL ASSOCIATION OF INSURANCE
COMMISSIONERS ACCOUNTING PRACTICES AND PROCEDURES MANUAL, VERSION

1 EFFECTIVE JANUARY 1, 2001, AND SUBSEQUENT REVISIONS.

2 (C) "DIVIDE" OR "DIVISION" MEANS THE ACT BY OPERATION OF LAW
3 BY WHICH A DOMESTIC STOCK INSURER DIVIDES INTO 2 OR MORE RESULTING
4 INSURERS IN ACCORDANCE WITH A PLAN OF DIVISION AND THIS CHAPTER.

5 (D) "DIVIDING INSURER" MEANS A DOMESTIC STOCK INSURER THAT
6 APPROVES A PLAN OF DIVISION PURSUANT TO SECTION 5505.

7 (E) "DOMESTIC STOCK INSURER" MEANS A DOMESTIC STOCK INSURER
8 ORGANIZED OR CREATED UNDER THE LAWS OF THIS STATE.

9 (F) "INSURER" MEANS A CORPORATION ENGAGED OR ATTEMPTING TO
10 ENGAGE IN THE BUSINESS OF MAKING INSURANCE OR SURETY CONTRACTS.

11 (G) "LIABILITY" MEANS ANY LIABILITY OR OBLIGATION OF ANY KIND,
12 CHARACTER, OR DESCRIPTION, WHETHER KNOWN OR UNKNOWN, ABSOLUTE OR
13 CONTINGENT, ACCRUED OR UNACCRUED, DISPUTED OR UNDISPUTED,
14 LIQUIDATED OR UNLIQUIDATED, SECURED OR UNSECURED, JOINT OR SEVERAL,
15 DUE OR TO BECOME DUE, DETERMINED, DETERMINABLE, OR OTHERWISE.

16 (H) "NEW INSURER" MEANS A DOMESTIC STOCK INSURER THAT IS
17 CREATED BY A DIVISION OCCURRING ON OR AFTER THE EFFECTIVE DATE OF
18 THE AMENDATORY ACT THAT ADDED THIS CHAPTER.

19 (I) "PLAN OF DIVISION" MEANS A PLAN OF DIVISION APPROVED BY A
20 DIVIDING INSURER IN ACCORDANCE WITH SECTION 5505.

21 (J) "RESULTING INSURER" MEANS A DOMESTIC STOCK INSURER CREATED
22 BY A DIVISION OR A DIVIDING INSURER THAT SURVIVES A DIVISION.

23 (K) "SHAREHOLDER" MEANS THE PERSON IN WHOSE NAME A SHARE IS
24 REGISTERED IN THE RECORDS OF A CORPORATION OR THE BENEFICIAL OWNER
25 OF A SHARE TO THE EXTENT OF THE RIGHTS GRANTED BY A NOMINEE
26 CERTIFICATE ON FILE WITH A CORPORATION.

27 (L) "SIGN" OR "SIGNATURE" INCLUDES A MANUAL, FACSIMILE,

1 CONFORMED, OR ELECTRONIC SIGNATURE.

2 (M) "SURPLUS" MEANS TOTAL STATUTORY SURPLUS LESS CAPITAL,
3 CALCULATED IN ACCORDANCE WITH THE NATIONAL ASSOCIATION OF INSURANCE
4 COMMISSIONERS ACCOUNTING PRACTICES AND PROCEDURES MANUAL, VERSION
5 EFFECTIVE JANUARY 1, 2001, AND SUBSEQUENT REVISIONS.

6 (N) "TRANSFER" INCLUDES AN ASSIGNMENT, ASSUMPTION, CONVEYANCE,
7 SALE, LEASE, ENCUMBRANCE, INCLUDING A MORTGAGE OR SECURITY
8 INTEREST, GIFT, OR TRANSFER BY OPERATION OF LAW.

9 SEC. 5503. (1) A DOMESTIC STOCK INSURER MAY, IN ACCORDANCE
10 WITH THE REQUIREMENTS OF THIS CHAPTER, DIVIDE INTO 2 OR MORE
11 RESULTING INSURERS PURSUANT TO A PLAN OF DIVISION.

12 (2) EACH PLAN OF DIVISION MUST INCLUDE ALL OF THE FOLLOWING:

13 (A) THE NAME OF THE DOMESTIC STOCK INSURER SEEKING TO DIVIDE.

14 (B) THE NAME OF EACH RESULTING INSURER THAT WILL BE CREATED BY
15 THE PROPOSED DIVISION.

16 (C) FOR EACH NEW INSURER THAT WILL BE CREATED BY THE PROPOSED
17 DIVISION, A COPY OF BOTH OF THE FOLLOWING:

18 (i) ITS PROPOSED ARTICLES OF INCORPORATION.

19 (ii) ITS PROPOSED BYLAWS.

20 (D) THE MANNER OF ALLOCATING BETWEEN OR AMONG THE RESULTING
21 INSURERS BOTH OF THE FOLLOWING:

22 (i) THE ASSETS OF THE DOMESTIC STOCK INSURER THAT WILL NOT BE
23 OWNED BY, IF THE DIVIDING INSURER SURVIVES THE DIVISION, THE
24 DIVIDING INSURER, OR, IF THE DIVIDING INSURER DOES NOT SURVIVE THE
25 DIVISION, ALL OF THE RESULTING INSURERS AS TENANTS IN COMMON UNDER
26 SECTION 5511.

27 (ii) THE LIABILITIES OF THE DOMESTIC STOCK INSURER, INCLUDING

1 POLICY LIABILITIES, TO WHICH NOT ALL OF THE RESULTING INSURERS WILL
2 BECOME JOINTLY AND SEVERALLY LIABLE UNDER SECTION 5513(1)(C).

3 (E) THE MANNER OF DISTRIBUTING SHARES IN THE NEW INSURERS TO
4 THE DIVIDING INSURER OR ITS SHAREHOLDERS.

5 (F) A REASONABLE DESCRIPTION OF THE LIABILITIES, INCLUDING
6 POLICY LIABILITIES, AND ITEMS OF CAPITAL, SURPLUS, OR OTHER ASSETS,
7 IN EACH CASE, THAT THE DOMESTIC STOCK INSURER PROPOSES TO ALLOCATE
8 TO EACH RESULTING INSURER, INCLUDING THE MANNER BY WHICH EACH
9 REINSURANCE CONTRACT IS TO BE ALLOCATED.

10 (G) ALL TERMS AND CONDITIONS REQUIRED BY THE LAWS OF THIS
11 STATE OR THE ARTICLES OF INCORPORATION AND BYLAWS OF THE DOMESTIC
12 STOCK INSURER.

13 (H) ALL OTHER TERMS AND CONDITIONS OF THE DIVISION.

14 (3) IF THE DOMESTIC STOCK INSURER WILL SURVIVE THE DIVISION,
15 THE PLAN OF DIVISION MUST INCLUDE, IN ADDITION TO THE INFORMATION
16 REQUIRED BY SUBSECTION (2), ALL OF THE FOLLOWING:

17 (A) ALL PROPOSED AMENDMENTS TO THE DIVIDING INSURER'S ARTICLES
18 OF INCORPORATION AND BYLAWS, IF ANY.

19 (B) IF THE DIVIDING INSURER DESIRES TO CANCEL SOME, BUT FEWER
20 THAN ALL, SHARES IN THE DIVIDING INSURER, THE MANNER IN WHICH IT
21 WILL CANCEL THE SHARES.

22 (C) IF THE DIVIDING INSURER DESIRES TO CONVERT SOME, BUT FEWER
23 THAN ALL, SHARES IN THE DIVIDING INSURER INTO SHARES, SECURITIES,
24 OBLIGATIONS, MONEY, OTHER PROPERTY, RIGHTS TO ACQUIRE SHARES OR
25 SECURITIES, OR ANY COMBINATION THEREOF, A STATEMENT DISCLOSING THE
26 MANNER IN WHICH IT WILL CONVERT THE SHARES.

27 (4) IF THE DOMESTIC STOCK INSURER WILL NOT SURVIVE THE

1 PROPOSED DIVISION, THE PLAN OF DIVISION MUST CONTAIN, IN ADDITION
2 TO THE INFORMATION REQUIRED BY SUBSECTION (2), THE MANNER IN WHICH
3 THE DIVIDING INSURER WILL CANCEL OR CONVERT SHARES IN THE DIVIDING
4 INSURER INTO SHARES, SECURITIES, OBLIGATIONS, MONEY, OTHER
5 PROPERTY, RIGHTS TO ACQUIRE SHARES OR SECURITIES, OR ANY
6 COMBINATION THEREOF.

7 (5) A DIVIDING INSURER MAY AMEND A PLAN OF DIVISION IN
8 ACCORDANCE WITH ANY PROCEDURES SET FORTH IN THE PLAN OF DIVISION
9 OR, IF NO PROCEDURES ARE SET FORTH IN THE PLAN OF DIVISION, IN ANY
10 MANNER DETERMINED BY THE BOARD OF DIRECTORS OF THE DIVIDING
11 INSURER, EXCEPT THAT A SHAREHOLDER THAT WAS ENTITLED TO VOTE ON OR
12 CONSENT TO APPROVAL OF THE PLAN OF DIVISION IS ENTITLED TO VOTE ON
13 OR CONSENT TO ANY AMENDMENT OF THE PLAN OF DIVISION THAT WILL
14 CHANGE ANY OF THE FOLLOWING:

15 (A) THE AMOUNT OR KIND OF SHARES, SECURITIES, OBLIGATIONS,
16 MONEY, OTHER PROPERTY, RIGHTS TO ACQUIRE SHARES OR SECURITIES, OR
17 ANY COMBINATION THEREOF, TO BE RECEIVED BY ANY OF THE SHAREHOLDERS
18 OF THE DIVIDING INSURER UNDER THE PLAN OF DIVISION.

19 (B) THE ARTICLES OF INCORPORATION OR BYLAWS OF ANY RESULTING
20 INSURER THAT WILL BE IN EFFECT WHEN THE DIVISION BECOMES EFFECTIVE,
21 EXCEPT FOR CHANGES THAT DO NOT REQUIRE APPROVAL OF THE SHAREHOLDERS
22 OF THE RESULTING INSURER UNDER ITS ARTICLES OF INCORPORATION OR
23 BYLAWS.

24 (C) ANY OTHER TERMS OR CONDITIONS OF THE PLAN OF DIVISION, IF
25 THE CHANGE WOULD ADVERSELY AFFECT THE SHAREHOLDERS IN ANY MATERIAL
26 RESPECT.

27 (6) A DIVIDING INSURER MAY ABANDON A PLAN OF DIVISION AFTER IT

1 HAS APPROVED THE PLAN OF DIVISION WITHOUT ANY ACTION BY THE
2 SHAREHOLDERS AND IN ACCORDANCE WITH ANY PROCEDURES SET FORTH IN THE
3 PLAN OF DIVISION OR, IF NO PROCEDURES ARE SET FORTH IN THE PLAN OF
4 DIVISION, IN A MANNER DETERMINED BY THE BOARD OF DIRECTORS OF THE
5 DIVIDING INSURER.

6 (7) A DIVIDING INSURER MAY ABANDON A PLAN OF DIVISION AFTER IT
7 HAS FILED A CERTIFICATE OF DIVISION WITH THE DEPARTMENT BY FILING
8 WITH THE DEPARTMENT A NOTICE OF ABANDONMENT SIGNED BY THE DIVIDING
9 INSURER. THE NOTICE OF ABANDONMENT IS EFFECTIVE ON THE DATE IT IS
10 FILED WITH THE DEPARTMENT AND THE DIVIDING INSURER IS CONSIDERED TO
11 HAVE ABANDONED ITS PLAN OF DIVISION ON THAT DATE.

12 (8) A DIVIDING INSURER SHALL NOT ABANDON OR AMEND ITS PLAN OF
13 DIVISION ONCE THE DIVISION BECOMES EFFECTIVE.

14 SEC. 5505. (1) A DOMESTIC STOCK INSURER SHALL NOT FILE A PLAN
15 OF DIVISION WITH THE DIRECTOR OF THE DEPARTMENT UNLESS THE PLAN OF
16 DIVISION HAS BEEN APPROVED IN ACCORDANCE WITH ALL PROVISIONS OF ITS
17 ARTICLES OF INCORPORATION AND BYLAWS AND BY THE BOARD OF DIRECTORS
18 AND SHAREHOLDERS OF THE DIVIDING INSURER.

19 (2) IF A PROVISION OF THE ARTICLES OF INCORPORATION OR BYLAWS
20 OF A DOMESTIC STOCK INSURER ADOPTED BEFORE THE EFFECTIVE DATE OF
21 THE AMENDATORY ACT THAT ADDED THIS CHAPTER REQUIRES THAT A SPECIFIC
22 NUMBER OR PERCENTAGE OF THE BOARD OF DIRECTORS OR SHAREHOLDERS
23 APPROVE THE PROPOSAL OR ADOPTION OF A PLAN OF MERGER, OR IMPOSES
24 OTHER SPECIAL PROCEDURES FOR THE PROPOSAL OR ADOPTION OF A PLAN OF
25 MERGER, THE DOMESTIC STOCK INSURER SHALL ADHERE TO THE PROVISION IN
26 PROPOSING OR ADOPTING A PLAN OF DIVISION. IF A PROVISION OF THE
27 ARTICLES OF INCORPORATION OR BYLAWS OF A DOMESTIC STOCK INSURER IS

1 AMENDED ON OR AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
2 ADDED THIS CHAPTER, THE PROVISION APPLIES TO A DIVISION ONLY IN
3 ACCORDANCE WITH ITS EXPRESS TERMS.

4 (3) WITHIN 10 BUSINESS DAYS AFTER FILING THE PLAN OF DIVISION
5 WITH THE DIRECTOR OF THE DEPARTMENT, THE DIVIDING INSURER SHALL
6 PROVIDE REASONABLE NOTICE OF THE FILING TO EACH REINSURER THAT IS A
7 PARTY TO A REINSURANCE CONTRACT ALLOCATED IN THE PLAN OF DIVISION.

8 SEC. 5507. (1) A DIVISION DOES NOT BECOME EFFECTIVE UNTIL IT
9 IS APPROVED BY THE DIRECTOR OF THE DEPARTMENT AFTER REASONABLE
10 NOTICE AND A PUBLIC HEARING. A HEARING CONDUCTED UNDER THIS SECTION
11 MUST BE CONDUCTED AS A CONTESTED CASE SUBJECT TO THE ADMINISTRATIVE
12 PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO 24.328.

13 (2) SUBJECT TO SUBSECTION (12), THE DIRECTOR OF THE DEPARTMENT
14 SHALL APPROVE A PLAN OF DIVISION UNLESS THE DIRECTOR OF THE
15 DEPARTMENT FINDS ANY OF THE FOLLOWING:

16 (A) THE INTEREST OF THE POLICYHOLDERS OF THE DIVIDING INSURER
17 THAT MAY BECOME POLICYHOLDERS OF A RESULTING INSURER WILL NOT BE
18 ADEQUATELY PROTECTED BY THE RESULTING INSURER OR ACQUIRING PARTY OF
19 A RESULTING INSURER, IF ANY.

20 (B) AFTER THE DIVISION, ANY RESULTING INSURER WOULD NOT BE
21 ABLE TO SATISFY THE REQUIREMENTS FOR THE ISSUANCE OF A CERTIFICATE
22 OF AUTHORITY.

23 (C) THE DIVISION WOULD SUBSTANTIALLY LESSEN COMPETITION IN
24 INSURANCE IN THIS STATE OR TEND TO CREATE A MONOPOLY IN THIS STATE.

25 (D) THE FINANCIAL CONDITION OF AN ACQUIRING PARTY OF A
26 RESULTING INSURER, IF ANY, IS SUCH THAT IT MIGHT JEOPARDIZE THE
27 FINANCIAL STABILITY OF THE INSURER, OR PREJUDICE THE INTEREST OF

1 ITS POLICYHOLDERS OR THE INTERESTS OF A REMAINING SHAREHOLDER THAT
2 IS UNAFFILIATED WITH THE ACQUIRING PARTY.

3 (E) THE TERMS OF THE PLAN OF DIVISION ARE UNFAIR AND
4 UNREASONABLE TO THE DIVIDING INSURER'S POLICYHOLDERS OR
5 SHAREHOLDERS.

6 (F) AN ACQUIRING PARTY OF A RESULTING INSURER, IF ANY, HAS
7 PLANS OR PROPOSALS TO LIQUIDATE THE RESULTING INSURER, SELL ITS
8 ASSETS, OR CONSOLIDATE OR MERGE THE RESULTING INSURER WITH A
9 PERSON, OR TO MAKE ANY OTHER MATERIAL CHANGE IN ITS BUSINESS OR
10 CORPORATE STRUCTURE OR MANAGEMENT, THAT ARE UNFAIR AND UNREASONABLE
11 TO THE RESULTING INSURER'S POLICYHOLDERS, AND NOT IN THE PUBLIC
12 INTEREST.

13 (G) THE COMPETENCE, EXPERIENCE, AND INTEGRITY OF THE PERSONS
14 WHO WOULD CONTROL THE OPERATION OF A RESULTING INSURER ARE SUCH
15 THAT IT WOULD NOT BE IN THE INTEREST OF THE RESULTING INSURER'S
16 POLICYHOLDERS OR THE GENERAL PUBLIC TO PERMIT THE DIVISION.

17 (H) THE DIVISION IS LIKELY TO BE HAZARDOUS OR PREJUDICIAL TO
18 THE INSURANCE-BUYING PUBLIC.

19 (I) THE PROPOSED DIVISION VIOLATES THE UNIFORM VOIDABLE
20 TRANSACTIONS ACT, 1998 PA 434, MCL 566.31 TO 566.45.

21 (J) THE DIVISION IS BEING MADE FOR PURPOSES OF HINDERING,
22 DELAYING, OR DEFRAUDING ANY POLICYHOLDERS OR OTHER CREDITORS OF THE
23 DIVIDING INSURER.

24 (K) ONE OR MORE RESULTING INSURERS WILL NOT BE SOLVENT ON THE
25 CONSUMMATION OF THE DIVISION.

26 (L) THE ASSETS ALLOCATED TO 1 OR MORE RESULTING INSURERS WILL
27 BE, ON CONSUMMATION OF A DIVISION, UNREASONABLY SMALL IN RELATION

1 TO THE BUSINESS AND TRANSACTIONS IN WHICH THE RESULTING INSURER WAS
2 ENGAGED OR IS ABOUT TO ENGAGE.

3 (3) IF A DIVISION IS UNDERTAKEN IN CONJUNCTION WITH THE
4 DIVESTITURE OF 1 OF THE RESULTING INSURERS, THE DIRECTOR SHALL NOT
5 APPROVE THE DIVISION UNTIL THE POTENTIAL ACQUIRING PARTY HAS
6 RECEIVED THE NECESSARY APPROVALS UNDER SECTION 1315 OR 7604, AS
7 APPLICABLE.

8 (4) IN DETERMINING WHETHER THE STANDARDS SET FORTH IN
9 SUBSECTION (2) (I) HAVE BEEN SATISFIED, THE DIRECTOR OF THE
10 DEPARTMENT SHALL ONLY APPLY THE UNIFORM VOIDABLE TRANSACTIONS ACT,
11 1998 PA 434, MCL 566.31 TO 566.45, TO A DIVIDING INSURER IN ITS
12 CAPACITY AS A RESULTING INSURER AND SHALL NOT APPLY THE UNIFORM
13 VOIDABLE TRANSACTIONS ACT, 1998 PA 434, MCL 566.31 TO 566.45, TO
14 ANY DIVIDING INSURER THAT IS NOT PROPOSED TO SURVIVE THE DIVISION.

15 (5) IN DETERMINING WHETHER THE STANDARDS SET FORTH IN
16 SUBSECTION (2) (I), (J), (K), AND (L) HAVE BEEN SATISFIED, THE
17 DIRECTOR OF THE DEPARTMENT MAY CONSIDER, AMONG OTHER THINGS, ALL
18 ASSETS, LIABILITIES, AND CASH FLOWS.

19 (6) IN DETERMINING WHETHER THE STANDARDS SET FORTH IN
20 SUBSECTION (2) (I) HAVE BEEN SATISFIED, WITH RESPECT TO EACH
21 RESULTING INSURER, THE DIRECTOR OF THE DEPARTMENT SHALL, IN
22 APPLYING THE UNIFORM VOIDABLE TRANSACTIONS ACT, 1998 PA 434, MCL
23 566.31 TO 566.45, DO ALL OF THE FOLLOWING:

24 (A) TREAT THE RESULTING INSURER AS A DEBTOR.

25 (B) TREAT LIABILITIES ALLOCATED TO THE RESULTING INSURER AS
26 OBLIGATIONS INCURRED BY A DEBTOR.

27 (C) TREAT THE RESULTING INSURER AS NOT HAVING RECEIVED

1 REASONABLY EQUIVALENT VALUE IN EXCHANGE FOR INCURRING THE
2 OBLIGATIONS.

3 (D) TREAT ASSETS ALLOCATED TO THE RESULTING INSURER AS
4 REMAINING PROPERTY.

5 (7) ALL INFORMATION, DOCUMENTS, MATERIALS, AND COPIES OF
6 DOCUMENTS AND MATERIALS SUBMITTED TO, OBTAINED BY, OR DISCLOSED TO
7 THE DIRECTOR OF THE DEPARTMENT IN CONNECTION WITH A PLAN OF
8 DIVISION OR IN CONTEMPLATION OF A PLAN OF DIVISION, INCLUDING ANY
9 INFORMATION, DOCUMENTS, MATERIALS, OR COPIES PROVIDED BY OR ON
10 BEHALF OF A DOMESTIC STOCK INSURER IN ADVANCE OF ITS ADOPTION OR
11 SUBMISSION OF A PLAN OF DIVISION, ARE CONFIDENTIAL AND ARE SUBJECT
12 TO THE SAME PROTECTION AND TREATMENT IN ACCORDANCE WITH SECTION
13 1355 AS INFORMATION AND DOCUMENTS DISCLOSED TO OR OBTAINED BY THE
14 DIRECTOR OF THE DEPARTMENT IN THE COURSE OF AN EXAMINATION OR
15 INVESTIGATION MADE UNDER SECTIONS 1351 AND 1357 UNTIL THE TIME, IF
16 ANY, THAT A NOTICE OF THE HEARING CONTEMPLATED BY SUBSECTION (1) IS
17 ISSUED.

18 (8) FROM AND AFTER THE ISSUANCE OF A NOTICE OF THE HEARING
19 CONTEMPLATED BY SUBSECTION (1), ALL BUSINESS, FINANCIAL, AND
20 ACTUARIAL INFORMATION FOR WHICH THE DOMESTIC STOCK INSURER REQUESTS
21 CONFIDENTIAL TREATMENT, OTHER THAN THE PLAN OF DIVISION AND ANY
22 MATERIALS INCORPORATED BY REFERENCE INTO OR OTHERWISE MADE A PART
23 OF THE PLAN OF DIVISION THAT MUST NOT BE ELIGIBLE FOR CONFIDENTIAL
24 TREATMENT AFTER THE ISSUANCE OF A NOTICE OF THE HEARING, CONTINUES
25 TO BE CONFIDENTIAL AND IS NOT AVAILABLE FOR PUBLIC INSPECTION AND
26 MUST BE SUBJECT TO THE SAME PROTECTION AND TREATMENT IN ACCORDANCE
27 WITH SECTION 1355 AS INFORMATION AND DOCUMENTS DISCLOSED TO OR

1 OBTAINED BY THE DIRECTOR OF THE DEPARTMENT IN THE COURSE OF AN
2 EXAMINATION OR INVESTIGATION MADE UNDER SECTIONS 1351 AND 1357.
3 HOWEVER, IF THE DIRECTOR OF THE DEPARTMENT DETERMINES THAT THE
4 INTEREST OF THE PUBLIC IN MAKING THE INFORMATION AVAILABLE FOR
5 PUBLIC INSPECTION OUTWEIGHS THE INTEREST OF THE DIVIDING INSURER IN
6 KEEPING THE INFORMATION CONFIDENTIAL, THE DIRECTOR OF THE
7 DEPARTMENT MAY, AFTER NOTICE AND AN OPPORTUNITY TO BE HEARD, MAKE
8 THE INFORMATION AVAILABLE TO PUBLIC INSPECTION IN ACCORDANCE WITH
9 THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO 15.246.

10 (9) ALL EXPENSES INCURRED BY THE DIRECTOR OF THE DEPARTMENT IN
11 CONNECTION WITH PROCEEDINGS UNDER THIS SECTION, INCLUDING EXPENSES
12 FOR THE SERVICES OF ANY ATTORNEYS, ACTUARIES, ACCOUNTANTS, AND
13 OTHER EXPERTS NOT OTHERWISE A PART OF THE DIRECTOR'S STAFF AS MAY
14 BE REASONABLY NECESSARY TO ASSIST THE DIRECTOR IN REVIEWING THE
15 PROPOSED DIVISION, MUST BE PAID BY THE DIVIDING INSURER FILING THE
16 PLAN OF DIVISION. A DIVIDING INSURER MAY ALLOCATE EXPENSES
17 DESCRIBED IN THIS SUBSECTION IN A PLAN OF DIVISION IN THE SAME
18 MANNER AS ANY OTHER LIABILITY.

19 (10) IF THE DIRECTOR OF THE DEPARTMENT APPROVES A PLAN OF
20 DIVISION, THE DIRECTOR OF THE DEPARTMENT SHALL ISSUE AN ORDER
21 APPROVING THE PLAN OF DIVISION THAT MUST BE ACCOMPANIED BY FINDINGS
22 OF FACT AND CONCLUSIONS OF LAW.

23 (11) THE CONDITIONS IN THIS SECTION FOR FREEING 1 OR MORE OF
24 THE RESULTING INSURERS FROM THE LIABILITIES OF THE DIVIDING INSURER
25 AND FOR ALLOCATING SOME OR ALL OF THE LIABILITIES OF THE DIVIDING
26 INSURER ARE CONCLUSIVELY SATISFIED IF THE PLAN OF DIVISION HAS BEEN
27 APPROVED BY THE DIRECTOR OF THE DEPARTMENT IN A FINAL ORDER, AFTER

1 ALL RELEVANT APPEALS RELATING TO THE FINAL ORDER HAVE BEEN
2 EXHAUSTED.

3 (12) THE DIRECTOR MAY ESTABLISH ANY ADDITIONAL PROCEDURES
4 NECESSARY OR APPROPRIATE IN CONNECTION WITH HIS OR HER REVIEW OF A
5 PLAN OF DIVISION.

6 SEC. 5509. (1) AFTER A PLAN OF DIVISION HAS BEEN ADOPTED AND
7 APPROVED UNDER SECTIONS 5503 TO 5507, AN OFFICER OR DULY AUTHORIZED
8 REPRESENTATIVE OF THE DIVIDING INSURER SHALL SIGN A CERTIFICATE OF
9 DIVISION. THE CERTIFICATE OF DIVISION IS A PUBLIC DOCUMENT.

10 (2) THE CERTIFICATE OF DIVISION MUST SET FORTH ALL OF THE
11 FOLLOWING:

12 (A) THE NAME OF THE DIVIDING INSURER.

13 (B) A STATEMENT DISCLOSING WHETHER THE DIVIDING INSURER WILL
14 SURVIVE THE DIVISION.

15 (C) THE NAME OF EACH NEW INSURER THAT WILL BE CREATED BY THE
16 DIVISION.

17 (D) THE DATE ON WHICH THE DIVISION IS TO BE EFFECTIVE, WHICH
18 MUST NOT BE MORE THAN 90 DAYS AFTER THE DIVIDING INSURER HAS FILED
19 THE CERTIFICATE OF DIVISION WITH THE DEPARTMENT.

20 (E) A STATEMENT THAT THE DIVISION WAS APPROVED BY THE DIRECTOR
21 OF THE DEPARTMENT IN ACCORDANCE WITH SECTION 5507.

22 (3) THE ARTICLES OF INCORPORATION AND BYLAWS OF EACH NEW
23 INSURER MUST SATISFY THE REQUIREMENTS OF THE LAWS OF THIS STATE.

24 (4) A CERTIFICATE OF DIVISION IS EFFECTIVE WHEN FILED WITH THE
25 DEPARTMENT AS PROVIDED IN THIS SECTION OR ON ANOTHER DATE SPECIFIED
26 IN THE PLAN OF DIVISION, WHICHEVER IS LATER. HOWEVER, A CERTIFICATE
27 OF DIVISION MUST BECOME EFFECTIVE NOT MORE THAN 90 DAYS AFTER THE

1 RELATED PLAN OF DIVISION HAS BEEN APPROVED BY THE DEPARTMENT. A
2 DIVISION IS EFFECTIVE WHEN THE RELEVANT CERTIFICATE OF DIVISION IS
3 EFFECTIVE.

4 SEC. 5511. (1) WHEN A DIVISION BECOMES EFFECTIVE UNDER SECTION
5 5509(4), ALL OF THE FOLLOWING APPLY:

6 (A) IF THE DIVIDING INSURER HAS SURVIVED THE DIVISION:

7 (i) IT CONTINUES TO EXIST.

8 (ii) ITS ARTICLES OF INCORPORATION MUST BE AMENDED, IF AT ALL,
9 AS PROVIDED IN THE PLAN OF DIVISION.

10 (iii) ITS BYLAWS MUST BE AMENDED, IF AT ALL, AS PROVIDED IN
11 THE PLAN OF DIVISION.

12 (B) IF THE DIVIDING INSURER HAS NOT SURVIVED THE DIVISION, ITS
13 SEPARATE EXISTENCE CEASES TO EXIST, SUBJECT TO SATISFYING THE OTHER
14 REQUIREMENTS OF THIS STATE RELATING TO THE SURRENDER OF A
15 CERTIFICATE OF AUTHORITY TO THE EXTENT APPLICABLE.

16 (C) ALL OF THE FOLLOWING APPLY TO EACH NEW INSURER:

17 (i) IT COMES INTO EXISTENCE.

18 (ii) IT SHALL HOLD ANY CAPITAL, SURPLUS, AND OTHER ASSETS
19 ALLOCATED TO THE NEW INSURER BY THE PLAN OF DIVISION AS A SUCCESSOR
20 TO THE DIVIDING INSURER, AUTOMATICALLY, BY OPERATION OF LAW AND NOT
21 BY TRANSFER, WHETHER DIRECTLY OR INDIRECTLY.

22 (iii) ITS ARTICLES OF INCORPORATION, IF ANY, AND BYLAWS, IF
23 ANY, ARE EFFECTIVE.

24 (iv) THE DIRECTOR OF THE DEPARTMENT SHALL ISSUE A CERTIFICATE
25 OF AUTHORITY, SUBJECT TO SATISFYING THE OTHER REQUIREMENTS OF THIS
26 STATE RELATING TO THE FORMATION AND LICENSURE OF NEW DOMESTIC STOCK
27 INSURERS TO THE EXTENT APPLICABLE.

1 (D) CAPITAL, SURPLUS, AND OTHER ASSETS OF THE DIVIDING INSURER
2 ARE VESTED AS FOLLOWS:

3 (i) IF IT IS ALLOCATED BY THE PLAN OF DIVISION, IT VESTS IN
4 THE APPLICABLE RESULTING INSURER AS PROVIDED IN THE PLAN OF
5 DIVISION.

6 (ii) IF IT IS NOT ALLOCATED BY THE PLAN OF DIVISION, IT VESTS,
7 IF THE DIVIDING INSURER SURVIVES THE DIVISION, IN THE DIVIDING
8 INSURER OR, IF THE DIVIDING INSURER DOES NOT SURVIVE THE DIVISION,
9 EQUALLY IN THE RESULTING INSURERS AS TENANTS IN COMMON.

10 (iii) OTHERWISE IT VESTS AS PROVIDED IN THIS SECTION WITHOUT
11 TRANSFER, REVERSION, OR IMPAIRMENT.

12 (E) A RESULTING INSURER TO WHICH A CAUSE OF ACTION IS
13 ALLOCATED AS PROVIDED IN SUBDIVISION (D) MAY BE SUBSTITUTED OR
14 ADDED IN ANY PENDING ACTION OR PROCEEDING TO WHICH THE DIVIDING
15 INSURER IS A PARTY WHEN THE DIVISION BECOMES EFFECTIVE.

16 (F) THE LIABILITIES, INCLUDING POLICY LIABILITIES, OF THE
17 DIVIDING INSURER ARE ALLOCATED BETWEEN OR AMONG THE RESULTING
18 INSURERS AS PROVIDED IN SECTION 5513 AND EACH RESULTING INSURER TO
19 WHICH LIABILITIES ARE ALLOCATED IS LIABLE ONLY FOR THOSE
20 LIABILITIES, INCLUDING POLICY LIABILITIES, SO ALLOCATED AS
21 SUCCESSORS TO THE DIVIDING INSURER, AUTOMATICALLY, BY OPERATION OF
22 LAW, AND NOT BY TRANSFER OR ASSUMPTION, WHETHER DIRECTLY OR
23 INDIRECTLY.

24 (G) THE SHARES IN THE DIVIDING INSURER THAT ARE TO BE
25 CONVERTED OR CANCELED IN THE DIVISION ARE CONVERTED OR CANCELED,
26 AND THE SHAREHOLDERS OF THOSE SHARES ARE ENTITLED ONLY TO THE
27 RIGHTS PROVIDED TO THEM UNDER THE PLAN OF DIVISION AND ANY

1 APPRAISAL RIGHTS THAT THEY MAY HAVE UNDER SECTION 5515.

2 (2) EXCEPT AS PROVIDED IN THE ARTICLES OF INCORPORATION OR
3 BYLAWS OF THE DIVIDING INSURER, THE DIVISION DOES NOT GIVE RISE TO
4 ANY RIGHTS THAT A SHAREHOLDER, DIRECTOR OF DOMESTIC STOCK INSURER,
5 OR THIRD PARTY WOULD HAVE ON A DISSOLUTION, LIQUIDATION, OR WINDING
6 UP OF THE DIVIDING INSURER.

7 (3) THE ALLOCATION TO A NEW INSURER OF CAPITAL, SURPLUS, OR
8 OTHER ASSETS THAT IS COLLATERAL COVERED BY AN EFFECTIVE FINANCING
9 STATEMENT IS NOT EFFECTIVE UNTIL A NEW FINANCING STATEMENT NAMING
10 THE NEW INSURER AS A DEBTOR IS EFFECTIVE UNDER THE UNIFORM
11 COMMERCIAL CODE, 1962 PA 174, MCL 440.1101 TO 440.9994.

12 (4) UNLESS OTHERWISE PROVIDED IN THE PLAN OF DIVISION, THE
13 SHARES IN AND ANY SECURITIES OF EACH NEW INSURER MUST BE
14 DISTRIBUTED TO EITHER OF THE FOLLOWING:

15 (A) THE DIVIDING INSURER, IF IT SURVIVES THE DIVISION.

16 (B) SHAREHOLDERS OF THE DIVIDING INSURER THAT DO NOT ASSERT
17 ANY APPRAISAL RIGHTS THAT THEY MAY HAVE UNDER SECTION 5515, PRO
18 RATA.

19 (5) A DIVISION THAT BECOMES EFFECTIVE UNDER SECTION 5509(4) IS
20 NOT AN ASSIGNMENT OF ANY INSURANCE POLICY, ANNUITY, OR REINSURANCE
21 AGREEMENT OR ANY OTHER TYPE OF CONTRACT.

22 SEC. 5513. (1) EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS
23 SECTION, WHEN A DIVISION BECOMES EFFECTIVE, EACH RESULTING INSURER
24 IS RESPONSIBLE, AUTOMATICALLY, BY OPERATION OF LAW, FOR ALL OF THE
25 FOLLOWING:

26 (A) INDIVIDUALLY, THE LIABILITIES, INCLUDING POLICY
27 LIABILITIES, THAT THE RESULTING INSURER ISSUES, UNDERTAKES, OR

1 INCURS IN ITS OWN NAME AFTER THE DIVISION.

2 (B) INDIVIDUALLY, THE LIABILITIES, INCLUDING POLICY
3 LIABILITIES, OF THE DIVIDING INSURER THAT ARE ALLOCATED TO THE
4 RESULTING INSURER TO THE EXTENT SPECIFIED IN THE PLAN OF DIVISION.

5 (C) JOINTLY AND SEVERALLY WITH THE OTHER RESULTING INSURERS,
6 THE LIABILITIES, INCLUDING POLICY LIABILITIES, OF THE DIVIDING
7 INSURER THAT ARE NOT ALLOCATED BY THE PLAN OF DIVISION.

8 (2) EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS SECTION,
9 WHEN A DIVISION BECOMES EFFECTIVE, A RESULTING INSURER IS NOT
10 RESPONSIBLE FOR AND DOES NOT HAVE ANY LIABILITY OR OBLIGATION IN
11 RESPECT OF EITHER OF THE FOLLOWING:

12 (A) ANY LIABILITIES, INCLUDING POLICY LIABILITIES, THAT
13 ANOTHER RESULTING INSURER ISSUES, UNDERTAKES, OR INCURS IN ITS OWN
14 NAME AFTER THE DIVISION.

15 (B) ANY LIABILITIES, INCLUDING POLICY LIABILITIES, OF THE
16 DIVIDING INSURER THAT ARE ALLOCATED TO ANOTHER RESULTING INSURER IN
17 ACCORDANCE WITH THE PLAN OF DIVISION.

18 (3) IF A PROVISION OF ANY DEBT SECURITY, NOTE, OR SIMILAR
19 EVIDENCE OF INDEBTEDNESS FOR MONEY BORROWED, WHETHER SECURED OR
20 UNSECURED, INDENTURE, OR OTHER CONTRACT RELATING TO INDEBTEDNESS,
21 OR A PROVISION OF ANY OTHER TYPE OF CONTRACT OTHER THAN AN
22 INSURANCE POLICY, ANNUITY, OR REINSURANCE AGREEMENT, THAT WAS
23 ISSUED, INCURRED, OR EXECUTED BY THE DOMESTIC STOCK INSURER BEFORE
24 THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS CHAPTER
25 REQUIRES THE CONSENT OF THE OBLIGEE TO A MERGER OF THE DIVIDING
26 INSURER OR TREATS THE MERGER AS A DEFAULT AND DOES NOT PROVIDE THAT
27 A DIVISION OF THE INSURER DOES NOT REQUIRE THE CONSENT OF THE

1 OBLIGEE, AS APPLICABLE, THAT PROVISION APPLIES TO A DIVISION OF THE
2 DIVIDING INSURER AS IF THE DIVISION WERE A MERGER.

3 (4) IF, AFTER THE APPROVAL OF A PLAN OF DIVISION, IT IS FOUND
4 THAT THE ACT OF UNDERTAKING A DIVISION ITSELF BREACHED A
5 CONTRACTUAL OBLIGATION OF THE DIVIDING INSURER WHEN THE DIVISION
6 BECAME EFFECTIVE, ALL OF THE RESULTING INSURERS ARE LIABLE, JOINTLY
7 AND SEVERALLY, FOR THE CONTRACTUAL BREACH, BUT THE VALIDITY AND
8 EFFECTIVENESS OF THE DIVISION, INCLUDING, WITHOUT LIMITATION, THE
9 ALLOCATION OF LIABILITIES IN ACCORDANCE WITH THE PLAN OF DIVISION,
10 IS NOT AFFECTED BY THE CONTRACTUAL BREACH.

11 (5) A DIRECT OR INDIRECT ALLOCATION OF CAPITAL, SURPLUS,
12 ASSETS, OR LIABILITIES, INCLUDING POLICY LIABILITIES, IN A DIVISION
13 MUST OCCUR AUTOMATICALLY, BY OPERATION OF LAW, AND IS NOT TREATED
14 AS A DISTRIBUTION OR TRANSFER FOR ANY PURPOSE WITH RESPECT TO
15 EITHER THE DIVIDING INSURER OR ANY OF THE RESULTING INSURERS.

16 (6) LIENS, SECURITY INTERESTS, AND OTHER CHARGES ON THE
17 CAPITAL, SURPLUS, OR OTHER ASSETS OF THE DIVIDING INSURER ARE NOT
18 IMPAIRED BY THE DIVISION, NOTWITHSTANDING ANY OTHERWISE ENFORCEABLE
19 ALLOCATION OF LIABILITIES, INCLUDING POLICY LIABILITIES, OF THE
20 DIVIDING INSURER.

21 (7) IF THE DIVIDING INSURER IS BOUND BY A SECURITY AGREEMENT
22 UNDER ARTICLE 9 OF THE UNIFORM COMMERCIAL CODE, 1962 PA 174, MCL
23 440.9101 TO 440.9994, OR THE SUBSTANTIAL EQUIVALENT ENACTED IN ANY
24 OTHER JURISDICTION, AND THE SECURITY AGREEMENT PROVIDES THAT THE
25 SECURITY INTEREST ATTACHES TO AFTER-ACQUIRED COLLATERAL, EACH
26 RESULTING INSURER IS BOUND BY THE SECURITY AGREEMENT.

27 (8) AN ALLOCATION OF A POLICY OR OTHER LIABILITY DOES NOT DO

1 EITHER OF THE FOLLOWING:

2 (A) EXCEPT AS PROVIDED IN THE PLAN OF DIVISION AND
3 SPECIFICALLY APPROVED BY THE DIRECTOR, AFFECT THE RIGHTS THAT A
4 POLICYHOLDER OR CREDITOR HAS UNDER OTHER LAW IN RESPECT OF THE
5 POLICY OR OTHER LIABILITY, EXCEPT THAT THOSE RIGHTS ARE AVAILABLE
6 ONLY AGAINST A RESULTING INSURER RESPONSIBLE FOR THE POLICY OR
7 LIABILITY UNDER THIS SECTION.

8 (B) RELEASE OR REDUCE THE OBLIGATION OF A REINSURER, SURETY,
9 OR GUARANTOR OF THE POLICY OR LIABILITY.

10 (9) A RESULTING INSURER IS ONLY LIABLE FOR THE LIABILITIES
11 ALLOCATED TO IT IN ACCORDANCE WITH THE PLAN OF DIVISION AND THIS
12 SECTION AND IS NOT LIABLE FOR ANY OTHER LIABILITIES UNDER THE
13 COMMON LAW DOCTRINE OF SUCCESSOR LIABILITY OR ANY SIMILAR THEORY OF
14 LIABILITY APPLICABLE TO TRANSFEREES OR ASSIGNEES OF PROPERTY.

15 SEC. 5515. IF THE DIVIDING INSURER DOES NOT SURVIVE THE
16 DIVISION, A RECORD SHAREHOLDER OF A DIVIDING INSURER IS ENTITLED TO
17 DISSENT FROM AND OBTAIN PAYMENT OF THE FAIR VALUE OF THAT
18 SHAREHOLDER'S SHARES, IN THE SAME MANNER AND TO THE EXTENT PROVIDED
19 FOR UNDER SECTIONS 1762 TO 1774 OF THE BUSINESS CORPORATION ACT,
20 1972 PA 284, MCL 450.1762 TO 450.1774.

21 SEC. 5517. (1) A SHAREHOLDER OF A DIVIDING INSURER IS ENTITLED
22 TO DISSENT FROM, AND OBTAIN PAYMENT OF THE FAIR VALUE OF THE
23 SHAREHOLDER'S SHARES IN CONNECTION WITH, A DIVISION UNDER THIS
24 CHAPTER IN WHICH THE DIVIDING INSURER DOES NOT SURVIVE THE
25 DIVISION, UNLESS THE SHARES ARE CONVERTED INTO OR CANCELED SOLELY
26 FOR 1 OR MORE OF THE FOLLOWING:

27 (A) CASH.

1 (B) SHARES THAT ARE LISTED ON A NATIONAL SECURITIES EXCHANGE
2 OR DESIGNATED AS A NATIONAL MARKET SYSTEM SECURITY ON AN
3 INTERDEALER QUOTATION SYSTEM BY THE NATIONAL ASSOCIATION OF
4 SECURITIES DEALERS, ON THE RECORD DATE FIXED TO VOTE ON THE PLAN OF
5 DIVISION.

6 (2) SECTION 1762 OF THE BUSINESS CORPORATION ACT, 1972 PA 284,
7 MCL 450.1762, APPLIES TO A SHAREHOLDER EXERCISING THE RIGHTS IN THE
8 SAME MANNER AS WOULD BE APPLICABLE TO A MERGER OF A DOMESTIC
9 CORPORATION.

10 Sec. 7604. (1) An insurer organized under the laws of this
11 state and transacting business under this act may consolidate or
12 merge with or reinsure all or any part of its outstanding risks for
13 the purpose of effecting a merger or consolidating with an insurer
14 of generally like character authorized to transact business in this
15 state under terms that are reasonable and just. "Consolidation" and
16 "merger", as used in this chapter, include a transaction ~~where~~ **IN**
17 **WHICH** an **AUTHORIZED** insurer ~~authorized to transact business in this~~
18 ~~state, which~~ **THAT** is a wholly-owned subsidiary of a controlling
19 corporation, which need not be an insurer, distributes shares of
20 the capital stock of the controlling corporation in merging another
21 insurer into the subsidiary or in merging the subsidiary into
22 another insurer. If an insurer proposes to consolidate or merge
23 with, or reinsure all of its outstanding risk with, another insurer
24 for the purpose of effecting a merger or consolidation, the
25 following procedure ~~shall~~ **MUST** be followed:

26 (a) The insurers shall petition the ~~commissioner,~~ **DIRECTOR,**
27 setting forth the terms and conditions of the proposed

1 consolidation, merger, or agreement of reinsurance, to which the
2 ~~commissioner~~**DIRECTOR** may ~~in his or her discretion~~ grant
3 preliminary, tentative, or conditional approval.

4 (b) After securing the approval from the ~~commissioner~~,
5 **DIRECTOR**, the insurers shall give notice, either personally or
6 through mailing at least 21 days before the time fixed for the
7 meeting, to the last known postal address of each stockholder,
8 subscriber, or member, that the question of the consolidation,
9 merger, or reinsurance will be voted ~~upon~~**ON** at a regular or
10 special meeting of the stockholders, subscribers, or members, which
11 notice ~~shall~~**MUST** fairly but briefly describe the proposed
12 procedure.

13 (c) The consolidation, merger, or contract of reinsurance for
14 the purpose of effecting a merger or consolidation ~~shall~~**MUST** be
15 approved at the regular or special meeting held in pursuance of the
16 call and notice, by the affirmative vote of not less than a
17 majority of the members or subscribers voting in person or by proxy
18 if it is a mutual or a cooperative or assessment corporation or a
19 reciprocal or interinsurance exchange, or not less than a majority
20 of the outstanding capital stock, if it is a stock company.

21 (d) The consolidation or merger agreement or contract of
22 reinsurance for the purpose of effecting a merger or consolidation,
23 together with proper proof that it has been approved by the
24 stockholders, subscribers, or members as provided in this section,
25 ~~shall~~**MUST** be submitted to the ~~commissioner~~**DIRECTOR** for final
26 approval. This contract ~~shall~~**IS** not ~~become~~ effective until the
27 ~~commissioner~~,**DIRECTOR**, in his or her discretion, issues a

1 certificate of final approval to the petitioner. If the terms of
2 the consolidation or merger or reinsurance contract for the purpose
3 of effecting a ~~THE~~ merger or consolidation provide that securities
4 ~~shall~~ **MUST** pass to an insurer assuming the liabilities for which
5 the securities are held, a public official, or other person or
6 company holding the securities, shall, ~~upon~~ **ON** the written order of
7 the ~~commissioner~~ **DIRECTOR**, deliver the securities to or credit the
8 securities to the account of the corporation, corporations, person,
9 or persons entitled to the securities by the terms of the contract
10 and the order of the ~~commissioner~~ **DIRECTOR**.

11 (2) TO FACILITATE THE MERGER OF ANY RESULTING INSURER WITH AND
12 INTO ANOTHER COMPANY SIMULTANEOUSLY WITH THE EFFECTIVENESS OF A
13 DIVISION AUTHORIZED BY THIS ACT, A DIVIDING INSURER, INCLUDING ITS
14 OFFICERS, DIRECTORS, AND SHAREHOLDERS, MAY ADOPT AND EXECUTE A PLAN
15 OF MERGER OR CONSOLIDATION ON BEHALF OF A RESULTING INSURER AND MAY
16 EXECUTE AND DELIVER DOCUMENTS, PLANS, CERTIFICATES, AND
17 RESOLUTIONS, AND MAY MAKE ANY FILINGS, IN EACH CASE, ON BEHALF OF
18 THE RESULTING INSURER. IF PROVIDED IN A PLAN OF MERGER OR
19 CONSOLIDATION DESCRIBED IN THIS SUBSECTION, THE MERGER OR
20 CONSOLIDATION IS EFFECTIVE SIMULTANEOUSLY WITH THE EFFECTIVENESS OF
21 A DIVISION AUTHORIZED BY THIS ACT. ON REQUEST OF THE DIVIDING
22 INSURER, THE DIRECTOR MAY WAIVE THE OTHER REQUIREMENTS OF THIS
23 SECTION WITH RESPECT TO ANY MERGER OR CONSOLIDATION INVOLVING ONLY
24 DOMESTIC STOCK INSURERS AND MAY ISSUE ITS FINAL APPROVAL OF THE
25 MERGER OR CONSOLIDATION AS PART OF ITS APPROVAL OF A PLAN OF
26 DIVISION UNDER THIS ACT.

27 (3) ~~(2)~~—Consolidation, merger, or reinsurance for the purpose

1 of effecting a merger or consolidation of all of the insurance risk
 2 of any membership corporation under this section, ~~shall act~~ **ACTS** as
 3 a dissolution of the corporation except ~~in the case of~~ **FOR** a stock
 4 company, which ~~shall~~ **MUST** be dissolved in accordance with the
 5 business corporation act, ~~Act No. 284 of the Public Acts of 1972,~~
 6 ~~being sections~~ **1972 PA 284, MCL 450.1101 to 450.2098.** ~~of the~~
 7 ~~Michigan Compiled Laws.~~ All liability ~~upon~~ **ON** a stock company's
 8 certificates or contracts ~~shall cease upon~~ **CEASES ON** the expiration
 9 of 5 days ~~following~~ **AFTER** the consolidation, merger, or reinsurance
 10 for the purpose of effecting a merger or consolidation, but its
 11 officers may thereafter perform any act or acts necessary to close
 12 its affairs with the approval of the ~~commissioner~~ **DIRECTOR**.

13 (4) ~~(3)~~ This section ~~shall~~ **DOES** not be construed to prohibit
 14 an insurer from reinsuring a fractional part or all of an
 15 individual risk in the usual or incidental conduct of its business.

16 (5) ~~(4)~~ Consolidation, merger, or reinsurance for the purpose
 17 of effecting a merger or consolidation of all or a substantial
 18 portion of the risks of a fraternal benefit society ~~shall be~~ **IS**
 19 governed by this section insofar as not otherwise regulated by
 20 chapter 81a, specifically governing fraternal benefit societies.

21 (6) ~~(5)~~ This section ~~shall~~ **DOES** not be construed to prohibit a
 22 title insurance corporation from acquiring by merger, exchange of
 23 stock, or otherwise, if permitted by and ~~pursuant to Act No. 284 of~~
 24 ~~the Public Acts of 1972,~~ **UNDER THE BUSINESS CORPORATION ACT, 1972**
 25 **PA 284, MCL 450.1101 TO 450.2098,** a corporation engaged in the
 26 general abstract business or the assets of ~~such~~ a corporation
 27 **ENGAGED IN THE GENERAL ABSTRACT BUSINESS.**

1 (7) ~~(6)~~ Notwithstanding subsection (1), ~~when~~ **IF** a farmers
2 mutual insurer organized under chapter 68 proposes to merge with
3 any other mutual insurer, the surviving insurer may give notice to
4 its members by publication as provided in section 5214(2).