

SENATE BILL No. 1029

May 23, 2018, Introduced by Senator HUNE and referred to the Committee on Insurance.

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:

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

9 (2) THE DIRECTOR OF THE DEPARTMENT SHALL APPROVE A PLAN OF
10 DIVISION UNLESS THE DIRECTOR OF THE DEPARTMENT FINDS ANY OF THE
11 FOLLOWING:

12 (A) THE INTEREST OF THE POLICYHOLDERS OF THE DIVIDING INSURER
13 THAT MAY BECOME POLICYHOLDERS OF A RESULTING INSURER WILL NOT BE
14 ADEQUATELY PROTECTED BY THE RESULTING INSURER.

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

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

20 (D) THE FINANCIAL CONDITION OF AN ACQUIRING PARTY OF A
21 RESULTING INSURER, IF ANY, IS SUCH THAT IT MIGHT JEOPARDIZE THE
22 FINANCIAL STABILITY OF THE INSURER, OR PREJUDICE THE INTEREST OF
23 ITS POLICYHOLDERS OR THE INTERESTS OF A REMAINING SHAREHOLDER THAT
24 IS UNAFFILIATED WITH THE ACQUIRING PARTY.

25 (E) THE TERMS OF THE PLAN OF DIVISION ARE UNFAIR AND
26 UNREASONABLE TO THE DIVIDING INSURER'S POLICYHOLDERS OR
27 SHAREHOLDERS.

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

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

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

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

16 (J) THE DIVISION IS BEING MADE FOR PURPOSES OF HINDERING,
17 DELAYING, OR DEFRAUDING ANY POLICYHOLDERS OR OTHER CREDITORS OF THE
18 DIVIDING INSURER.

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

21 (L) THE ASSETS ALLOCATED TO 1 OR MORE RESULTING INSURERS WILL
22 BE, ON CONSUMMATION OF A DIVISION, UNREASONABLY SMALL IN RELATION
23 TO THE BUSINESS AND TRANSACTIONS IN WHICH THE RESULTING INSURER WAS
24 ENGAGED OR IS ABOUT TO ENGAGE.

25 (3) IF A DIVISION IS UNDERTAKEN IN CONJUNCTION WITH THE
26 DIVESTITURE OF 1 OF THE RESULTING INSURERS, THE DIRECTOR SHALL NOT
27 APPROVE THE DIVISION UNTIL THE POTENTIAL ACQUIRING PARTY HAS

1 RECEIVED THE NECESSARY APPROVALS UNDER SECTION 1315 OR 7604, AS
2 APPLICABLE.

3 (4) IN DETERMINING WHETHER THE STANDARDS SET FORTH IN
4 SUBSECTION (2) (I) HAVE BEEN SATISFIED, THE DIRECTOR OF THE
5 DEPARTMENT SHALL ONLY APPLY THE UNIFORM VOIDABLE TRANSACTIONS ACT,
6 1998 PA 434, MCL 566.31 TO 566.45, TO A DIVIDING INSURER IN ITS
7 CAPACITY AS A RESULTING INSURER AND SHALL NOT APPLY THE UNIFORM
8 VOIDABLE TRANSACTIONS ACT, 1998 PA 434, MCL 566.31 TO 566.45, TO
9 ANY DIVIDING INSURER THAT IS NOT PROPOSED TO SURVIVE THE DIVISION.

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

14 (6) IN DETERMINING WHETHER THE STANDARDS SET FORTH IN
15 SUBSECTION (2) (I) HAVE BEEN SATISFIED, WITH RESPECT TO EACH
16 RESULTING INSURER, THE DIRECTOR OF THE DEPARTMENT SHALL, IN
17 APPLYING THE UNIFORM VOIDABLE TRANSACTIONS ACT, 1998 PA 434, MCL
18 566.31 TO 566.45, DO ALL OF THE FOLLOWING:

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

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

22 (C) TREAT THE RESULTING INSURER AS NOT HAVING RECEIVED
23 REASONABLY EQUIVALENT VALUE IN EXCHANGE FOR INCURRING THE
24 OBLIGATIONS.

25 (D) TREAT ASSETS ALLOCATED TO THE RESULTING INSURER AS
26 REMAINING PROPERTY.

27 (7) ALL INFORMATION, DOCUMENTS, MATERIALS, AND COPIES OF

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

13 (8) FROM AND AFTER THE ISSUANCE OF A NOTICE OF THE HEARING
14 CONTEMPLATED BY SUBSECTION (1), ALL BUSINESS, FINANCIAL, AND
15 ACTUARIAL INFORMATION FOR WHICH THE DOMESTIC STOCK INSURER REQUESTS
16 CONFIDENTIAL TREATMENT, OTHER THAN THE PLAN OF DIVISION AND ANY
17 MATERIALS INCORPORATED BY REFERENCE INTO OR OTHERWISE MADE A PART
18 OF THE PLAN OF DIVISION THAT MUST NOT BE ELIGIBLE FOR CONFIDENTIAL
19 TREATMENT AFTER THE ISSUANCE OF A NOTICE OF THE HEARING, CONTINUES
20 TO BE CONFIDENTIAL AND IS NOT AVAILABLE FOR PUBLIC INSPECTION AND
21 MUST BE SUBJECT TO THE SAME PROTECTION AND TREATMENT IN ACCORDANCE
22 WITH SECTION 1355 AS INFORMATION AND DOCUMENTS DISCLOSED TO OR
23 OBTAINED BY THE DIRECTOR OF THE DEPARTMENT IN THE COURSE OF AN
24 EXAMINATION OR INVESTIGATION MADE UNDER SECTIONS 1351 AND 1357.
25 HOWEVER, IF THE DIRECTOR OF THE DEPARTMENT DETERMINES THAT THE
26 INTEREST OF THE PUBLIC IN MAKING THE INFORMATION AVAILABLE FOR
27 PUBLIC INSPECTION OUTWEIGHS THE INTEREST OF THE DIVIDING INSURER IN

1 KEEPING THE INFORMATION CONFIDENTIAL, THE DIRECTOR OF THE
2 DEPARTMENT MAY, AFTER NOTICE AND AN OPPORTUNITY TO BE HEARD, MAKE
3 THE INFORMATION AVAILABLE TO PUBLIC INSPECTION IN ACCORDANCE WITH
4 THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO 15.246.

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

14 (10) IF THE DIRECTOR OF THE DEPARTMENT APPROVES A PLAN OF
15 DIVISION, THE DIRECTOR OF THE DEPARTMENT SHALL ISSUE AN ORDER
16 APPROVING THE PLAN OF DIVISION THAT MUST BE ACCOMPANIED BY FINDINGS
17 OF FACT AND CONCLUSIONS OF LAW.

18 (11) THE CONDITIONS IN THIS SECTION FOR FREEING 1 OR MORE OF
19 THE RESULTING INSURERS FROM THE LIABILITIES OF THE DIVIDING INSURER
20 AND FOR ALLOCATING SOME OR ALL OF THE LIABILITIES OF THE DIVIDING
21 INSURER ARE CONCLUSIVELY SATISFIED IF THE PLAN OF DIVISION HAS BEEN
22 APPROVED BY THE DIRECTOR OF THE DEPARTMENT IN A FINAL ORDER, AFTER
23 ALL RELEVANT APPEALS RELATING TO THE FINAL ORDER HAVE BEEN
24 EXHAUSTED.

25 SEC. 5509. (1) AFTER A PLAN OF DIVISION HAS BEEN ADOPTED AND
26 APPROVED UNDER SECTIONS 5503 TO 5507, AN OFFICER OR DULY AUTHORIZED
27 REPRESENTATIVE OF THE DIVIDING INSURER SHALL SIGN A CERTIFICATE OF

1 DIVISION. THE CERTIFICATE OF DIVISION IS A PUBLIC DOCUMENT.

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

4 (A) THE NAME OF THE DIVIDING INSURER.

5 (B) A STATEMENT DISCLOSING WHETHER THE DIVIDING INSURER WILL
6 SURVIVE THE DIVISION.

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

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

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

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

16 (4) A CERTIFICATE OF DIVISION IS EFFECTIVE WHEN FILED WITH THE
17 DEPARTMENT AS PROVIDED IN THIS SECTION OR ON ANOTHER DATE SPECIFIED
18 IN THE PLAN OF DIVISION, WHICHEVER IS LATER. HOWEVER, A CERTIFICATE
19 OF DIVISION MUST BECOME EFFECTIVE NOT MORE THAN 90 DAYS AFTER THE
20 RELATED PLAN OF DIVISION HAS BEEN APPROVED BY THE DEPARTMENT. A
21 DIVISION IS EFFECTIVE WHEN THE RELEVANT CERTIFICATE OF DIVISION IS
22 EFFECTIVE.

23 SEC. 5511. (1) WHEN A DIVISION BECOMES EFFECTIVE UNDER SECTION
24 5509(4), ALL OF THE FOLLOWING APPLY:

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

26 (i) IT CONTINUES TO EXIST.

27 (ii) ITS ARTICLES OF INCORPORATION MUST BE AMENDED, IF AT ALL,

1 AS PROVIDED IN THE PLAN OF DIVISION.

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

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

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

9 (i) IT COMES INTO EXISTENCE.

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

14 (iii) ITS ARTICLES OF INCORPORATION, IF ANY, AND BYLAWS, IF
15 ANY, ARE EFFECTIVE.

16 (iv) THE DIRECTOR OF THE DEPARTMENT SHALL ISSUE A CERTIFICATE
17 OF AUTHORITY, SUBJECT TO SATISFYING THE OTHER REQUIREMENTS OF THIS
18 STATE RELATING TO THE FORMATION AND LICENSURE OF NEW DOMESTIC STOCK
19 INSURERS TO THE EXTENT APPLICABLE.

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

22 (i) IF IT IS ALLOCATED BY THE PLAN OF DIVISION, IT VESTS IN
23 THE APPLICABLE RESULTING INSURER AS PROVIDED IN THE PLAN OF
24 DIVISION.

25 (ii) IF IT IS NOT ALLOCATED BY THE PLAN OF DIVISION, IT VESTS,
26 IF THE DIVIDING INSURER SURVIVES THE DIVISION, IN THE DIVIDING
27 INSURER OR, IF THE DIVIDING INSURER DOES NOT SURVIVE THE DIVISION,

1 EQUALLY IN THE RESULTING INSURERS AS TENANTS IN COMMON.

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

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

8 (F) THE LIABILITIES, INCLUDING POLICY LIABILITIES, OF THE
9 DIVIDING INSURER ARE ALLOCATED BETWEEN OR AMONG THE RESULTING
10 INSURERS AS PROVIDED IN SECTION 5513 AND EACH RESULTING INSURER TO
11 WHICH LIABILITIES ARE ALLOCATED IS LIABLE ONLY FOR THOSE
12 LIABILITIES, INCLUDING POLICY LIABILITIES, SO ALLOCATED AS
13 SUCCESSORS TO THE DIVIDING INSURER, AUTOMATICALLY, BY OPERATION OF
14 LAW, AND NOT BY TRANSFER OR ASSUMPTION, WHETHER DIRECTLY OR
15 INDIRECTLY.

16 (G) THE SHARES IN THE DIVIDING INSURER THAT ARE TO BE
17 CONVERTED OR CANCELED IN THE DIVISION ARE CONVERTED OR CANCELED,
18 AND THE SHAREHOLDERS OF THOSE SHARES ARE ENTITLED ONLY TO THE
19 RIGHTS PROVIDED TO THEM UNDER THE PLAN OF DIVISION AND ANY
20 APPRAISAL RIGHTS THAT THEY MAY HAVE UNDER SECTION 5515.

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

26 (3) THE ALLOCATION TO A NEW INSURER OF CAPITAL, SURPLUS, OR
27 OTHER ASSETS THAT IS COLLATERAL COVERED BY AN EFFECTIVE FINANCING

1 STATEMENT IS NOT EFFECTIVE UNTIL A NEW FINANCING STATEMENT NAMING
2 THE NEW INSURER AS A DEBTOR IS EFFECTIVE UNDER THE UNIFORM
3 COMMERCIAL CODE, 1962 PA 174, MCL 440.1101 TO 440.9994.

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

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

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

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

15 (A) INDIVIDUALLY, THE LIABILITIES, INCLUDING POLICY
16 LIABILITIES, THAT THE RESULTING INSURER ISSUES, UNDERTAKES, OR
17 INCURS IN ITS OWN NAME AFTER THE DIVISION.

18 (B) INDIVIDUALLY, THE LIABILITIES, INCLUDING POLICY
19 LIABILITIES, OF THE DIVIDING INSURER THAT ARE ALLOCATED TO THE
20 RESULTING INSURER TO THE EXTENT SPECIFIED IN THE PLAN OF DIVISION.

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

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

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

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

7 (3) IF A PROVISION OF ANY DEBT SECURITY, NOTE, OR SIMILAR
8 EVIDENCE OF INDEBTEDNESS FOR MONEY BORROWED, WHETHER SECURED OR
9 UNSECURED, INDENTURE, OR OTHER CONTRACT RELATING TO INDEBTEDNESS,
10 OR A PROVISION OF ANY OTHER TYPE OF CONTRACT OTHER THAN AN
11 INSURANCE POLICY, ANNUITY, OR REINSURANCE AGREEMENT, THAT WAS
12 ISSUED, INCURRED, OR EXECUTED BY THE DOMESTIC STOCK INSURER BEFORE
13 THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS CHAPTER
14 REQUIRES THE CONSENT OF THE OBLIGEE TO A MERGER OF THE DIVIDING
15 INSURER OR TREATS THE MERGER AS A DEFAULT, THAT PROVISION APPLIES
16 TO A DIVISION OF THE DIVIDING INSURER AS IF THE DIVISION WERE A
17 MERGER.

18 (4) IF, AFTER THE APPROVAL OF A PLAN OF DIVISION, IT IS FOUND
19 THAT THE ACT OF UNDERTAKING A DIVISION ITSELF BREACHED A
20 CONTRACTUAL OBLIGATION OF THE DIVIDING INSURER WHEN THE DIVISION
21 BECAME EFFECTIVE, ALL OF THE RESULTING INSURERS ARE LIABLE, JOINTLY
22 AND SEVERALLY, FOR THE CONTRACTUAL BREACH, BUT THE VALIDITY AND
23 EFFECTIVENESS OF THE DIVISION, INCLUDING, WITHOUT LIMITATION, THE
24 ALLOCATION OF LIABILITIES IN ACCORDANCE WITH THE PLAN OF DIVISION,
25 IS NOT AFFECTED BY THE CONTRACTUAL BREACH.

26 (5) A DIRECT OR INDIRECT ALLOCATION OF CAPITAL, SURPLUS,
27 ASSETS, OR LIABILITIES, INCLUDING POLICY LIABILITIES, IN A DIVISION

1 MUST OCCUR AUTOMATICALLY, BY OPERATION OF LAW, AND IS NOT TREATED
2 AS A DISTRIBUTION OR TRANSFER FOR ANY PURPOSE WITH RESPECT TO
3 EITHER THE DIVIDING INSURER OR ANY OF THE RESULTING INSURERS.

4 (6) LIENS, SECURITY INTERESTS, AND OTHER CHARGES ON THE
5 CAPITAL, SURPLUS, OR OTHER ASSETS OF THE DIVIDING INSURER ARE NOT
6 IMPAIRED BY THE DIVISION, NOTWITHSTANDING ANY OTHERWISE ENFORCEABLE
7 ALLOCATION OF LIABILITIES, INCLUDING POLICY LIABILITIES, OF THE
8 DIVIDING INSURER.

9 (7) IF THE DIVIDING INSURER IS BOUND BY A SECURITY AGREEMENT
10 UNDER ARTICLE 9 OF THE UNIFORM COMMERCIAL CODE, 1962 PA 174, MCL
11 440.9101 TO 440.9994, OR THE SUBSTANTIAL EQUIVALENT ENACTED IN ANY
12 OTHER JURISDICTION, AND THE SECURITY AGREEMENT PROVIDES THAT THE
13 SECURITY INTEREST ATTACHES TO AFTER-ACQUIRED COLLATERAL, EACH
14 RESULTING INSURER IS BOUND BY THE SECURITY AGREEMENT.

15 (8) AN ALLOCATION OF A POLICY OR OTHER LIABILITY DOES NOT DO
16 EITHER OF THE FOLLOWING:

17 (A) EXCEPT AS PROVIDED IN THE PLAN OF DIVISION AND
18 SPECIFICALLY APPROVED BY THE DIRECTOR, AFFECT THE RIGHTS THAT A
19 POLICYHOLDER OR CREDITOR HAS UNDER OTHER LAW IN RESPECT OF THE
20 POLICY OR OTHER LIABILITY, EXCEPT THAT THOSE RIGHTS ARE AVAILABLE
21 ONLY AGAINST A RESULTING INSURER RESPONSIBLE FOR THE POLICY OR
22 LIABILITY UNDER THIS SECTION.

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

25 (9) A RESULTING INSURER IS ONLY LIABLE FOR THE LIABILITIES
26 ALLOCATED TO IT IN ACCORDANCE WITH THE PLAN OF DIVISION AND THIS
27 SECTION AND IS NOT LIABLE FOR ANY OTHER LIABILITIES UNDER THE

1 COMMON LAW DOCTRINE OF SUCCESSOR LIABILITY OR ANY SIMILAR THEORY OF
2 LIABILITY APPLICABLE TO TRANSFEREES OR ASSIGNEES OF PROPERTY.

3 SEC. 5515. IF THE DIVIDING INSURER DOES NOT SURVIVE THE
4 DIVISION, AN OBJECTING SHAREHOLDER OF A DIVIDING INSURER IS
5 ENTITLED TO APPRAISAL RIGHTS AND TO OBTAIN PAYMENT OF THE FAIR
6 VALUE OF THAT SHAREHOLDER'S SHARES, IN THE SAME MANNER AND TO THE
7 EXTENT PROVIDED FOR UNDER SECTIONS 1762 TO 1774 OF THE BUSINESS
8 CORPORATION ACT, 1972 PA 284, MCL 450.1762 TO 450.1774.

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

15 (A) CASH.

16 (B) SHARES THAT ARE LISTED ON A NATIONAL SECURITIES EXCHANGE
17 OR DESIGNATED AS A NATIONAL MARKET SYSTEM SECURITY ON AN
18 INTERDEALER QUOTATION SYSTEM BY THE NATIONAL ASSOCIATION OF
19 SECURITIES DEALERS, ON THE RECORD DATE FIXED TO VOTE ON THE PLAN OF
20 DIVISION.

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

25 Sec. 7604. (1) An insurer organized under the laws of this
26 state and transacting business under this act may consolidate or
27 merge with or reinsure all or any part of its outstanding risks for

1 the purpose of effecting a merger or consolidating with an insurer
2 of generally like character authorized to transact business in this
3 state under terms that are reasonable and just. "Consolidation" and
4 "merger", as used in this chapter, include a transaction ~~where~~ **IN**
5 **WHICH** an **AUTHORIZED** insurer ~~authorized to transact business in this~~
6 ~~state, which~~ **THAT** is a wholly-owned subsidiary of a controlling
7 corporation, which need not be an insurer, distributes shares of
8 the capital stock of the controlling corporation in merging another
9 insurer into the subsidiary or in merging the subsidiary into
10 another insurer. If an insurer proposes to consolidate or merge
11 with, or reinsure all of its outstanding risk with, another insurer
12 for the purpose of effecting a merger or consolidation, the
13 following procedure ~~shall~~ **MUST** be followed:

14 (a) The insurers shall petition the ~~commissioner,~~ **DIRECTOR**,
15 setting forth the terms and conditions of the proposed
16 consolidation, merger, or agreement of reinsurance, to which the
17 ~~commissioner~~ **DIRECTOR** may ~~in his or her discretion~~ grant
18 preliminary, tentative, or conditional approval.

19 (b) After securing the approval from the ~~commissioner,~~
20 **DIRECTOR**, the insurers shall give notice, either personally or
21 through mailing at least 21 days before the time fixed for the
22 meeting, to the last known postal address of each stockholder,
23 subscriber, or member, that the question of the consolidation,
24 merger, or reinsurance will be voted ~~upon~~ **ON** at a regular or
25 special meeting of the stockholders, subscribers, or members, which
26 notice ~~shall~~ **MUST** fairly but briefly describe the proposed
27 procedure.

1 (c) The consolidation, merger, or contract of reinsurance for
2 the purpose of effecting a merger or consolidation ~~shall~~**MUST** be
3 approved at the regular or special meeting held in pursuance of the
4 call and notice, by the affirmative vote of not less than a
5 majority of the members or subscribers voting in person or by proxy
6 if it is a mutual or a cooperative or assessment corporation or a
7 reciprocal or interinsurance exchange, or not less than a majority
8 of the outstanding capital stock, if it is a stock company.

9 (d) The consolidation or merger agreement or contract of
10 reinsurance for the purpose of effecting a merger or consolidation,
11 together with proper proof that it has been approved by the
12 stockholders, subscribers, or members as provided in this section,
13 ~~shall~~**MUST** be submitted to the ~~commissioner~~**DIRECTOR** for final
14 approval. This contract ~~shall~~**IS** not ~~become~~ effective until the
15 ~~commissioner~~**DIRECTOR**, in his or her discretion, issues a
16 certificate of final approval to the petitioner. If the terms of
17 the consolidation or merger or reinsurance contract for the purpose
18 of effecting a ~~THE~~ merger or consolidation provide that securities
19 ~~shall~~**MUST** pass to an insurer assuming the liabilities for which
20 the securities are held, a public official, or other person or
21 company holding the securities, shall, ~~upon~~**ON** the written order of
22 the ~~commissioner~~**DIRECTOR**, deliver the securities to or credit the
23 securities to the account of the corporation, corporations, person,
24 or persons entitled to the securities by the terms of the contract
25 and the order of the ~~commissioner~~**DIRECTOR**.

26 (2) TO FACILITATE THE MERGER OF ANY RESULTING INSURER WITH AND
27 INTO ANOTHER COMPANY SIMULTANEOUSLY WITH THE EFFECTIVENESS OF A

1 DIVISION AUTHORIZED BY THIS ACT, A DIVIDING INSURER, INCLUDING ITS
 2 OFFICERS, DIRECTORS, AND SHAREHOLDERS, MAY ADOPT AND EXECUTE A PLAN
 3 OF MERGER OR CONSOLIDATION ON BEHALF OF A RESULTING INSURER AND MAY
 4 EXECUTE AND DELIVER DOCUMENTS, PLANS, CERTIFICATES, AND
 5 RESOLUTIONS, AND MAY MAKE ANY FILINGS, IN EACH CASE, ON BEHALF OF
 6 THE RESULTING INSURER. IF PROVIDED IN A PLAN OF MERGER OR
 7 CONSOLIDATION DESCRIBED IN THIS SUBSECTION, THE MERGER OR
 8 CONSOLIDATION IS EFFECTIVE SIMULTANEOUSLY WITH THE EFFECTIVENESS OF
 9 A DIVISION AUTHORIZED BY THIS ACT. ON REQUEST OF THE DIVIDING
 10 INSURER, THE DIRECTOR MAY WAIVE THE OTHER REQUIREMENTS OF THIS
 11 SECTION WITH RESPECT TO ANY MERGER OR CONSOLIDATION INVOLVING ONLY
 12 DOMESTIC STOCK INSURERS AND MAY ISSUE ITS FINAL APPROVAL OF THE
 13 MERGER OR CONSOLIDATION AS PART OF ITS APPROVAL OF A PLAN OF
 14 DIVISION UNDER THIS ACT.

15 (3) ~~(2)~~—Consolidation, merger, or reinsurance for the purpose
 16 of effecting a merger or consolidation of all of the insurance risk
 17 of any membership corporation under this section, ~~shall act~~ **ACTS** as
 18 a dissolution of the corporation except ~~in the case of~~ **FOR** a stock
 19 company, which ~~shall~~ **MUST** be dissolved in accordance with the
 20 business corporation act, ~~Act No. 284 of the Public Acts of 1972,~~
 21 ~~being sections 1972 PA 284, MCL 450.1101 to 450.2098. of the~~
 22 ~~Michigan Compiled Laws.~~ All liability ~~upon~~ **ON** a stock company's
 23 certificates or contracts ~~shall cease upon~~ **CEASES ON** the expiration
 24 of 5 days ~~following~~ **AFTER** the consolidation, merger, or reinsurance
 25 for the purpose of effecting a merger or consolidation, but its
 26 officers may thereafter perform any act or acts necessary to close
 27 its affairs with the approval of the ~~commissioner~~ **DIRECTOR**.

1 (4) ~~(3)~~ This section ~~shall~~ **DOES** not be construed to prohibit
2 an insurer from reinsuring a fractional part or all of an
3 individual risk in the usual or incidental conduct of its business.

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

9 (6) ~~(5)~~ This section ~~shall~~ **DOES** not be construed to prohibit a
10 title insurance corporation from acquiring by merger, exchange of
11 stock, or otherwise, if permitted by and ~~pursuant to Act No. 284 of~~
12 ~~the Public Acts of 1972,~~ **UNDER THE BUSINESS CORPORATION ACT, 1972**
13 **PA 284, MCL 450.1101 TO 450.2098,** a corporation engaged in the
14 general abstract business or the assets of ~~such~~ a corporation
15 **ENGAGED IN THE GENERAL ABSTRACT BUSINESS.**

16 (7) ~~(6)~~ Notwithstanding subsection (1), ~~when~~ **IF** a farmers
17 mutual insurer organized under chapter 68 proposes to merge with
18 any other mutual insurer, the surviving insurer may give notice to
19 its members by publication as provided in section 5214(2).