

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.115 Definitions.

Sec. 115. As used in this act unless the context clearly indicates otherwise:

(a) "Affiliate" or a person "affiliated" with a specific person means a person that directly, or indirectly through 1 or more intermediaries, controls, is controlled by, or is under common control with the person specified.

(b) "Control" including the terms "controlling", "controlled by", and "under common control with" mean the following:

(i) Except as otherwise provided in subparagraph (ii), the possession or the contingent or noncontingent right to acquire possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract including acquisition of assets or bulk reinsurance, other than a commercial contract for goods or nonmanagement services, by pledge of securities, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control is presumed to exist if any person, by formal or informal arrangement, device, or understanding, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing 10% or more of the voting securities of any other person or for a mutual insurer owns 10% or more of the insurer's surplus through surplus notes, guarantee fund certificates or other evidence of indebtedness issued by the insurer. This presumption may be rebutted by a showing made in the manner provided by section 1332 that control does not in fact exist. The commissioner may determine after furnishing to all persons in interest notice and an opportunity to be heard and making specific findings of fact to support the determination that control in fact exists notwithstanding the absence of a presumption to that effect.

(ii) "Control", for the purpose of section 1243 and chapter 5 only, means 1 or more of the following:

(A) Ownership, control, or power to vote 25% or more of the outstanding shares of any class of voting security of the company, directly or indirectly, or acting through 1 or more other persons.

(B) Control in any manner over the election of a majority of the directors, trustees, or general partners or individuals exercising similar functions of the company.

(C) The power to exercise, directly or indirectly, a controlling influence over the management or policies of the company, as the commissioner determines.

(c) "Insurance holding company system" means 2 or more affiliated persons, 1 or more of which is an insurer.

(d) "Securityholder" of a specified person means a person who owns any security of the person, including common stock, preferred stock, debt obligations, and any other security convertible into or evidencing the right to acquire any of the foregoing.

(e) "Subsidiary" of a specified person means an affiliate controlled by that person directly or indirectly through 1 or more intermediaries.

(f) "Voting security" includes any security convertible into or evidencing a right to acquire a voting security.

History: Add. 1992, Act 182, Imd. Eff. Oct. 1, 1992;—Am. 2001, Act 24, Imd. Eff. June 18, 2001.

Popular name: Act 218

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