

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

500.5283b Selection of director or officer to whom stock allocated or options granted; exercise of discretion; director or committee member as disinterested person; section inapplicable to certain options or equity securities.

Sec. 5283b. (1) If the selection of any director or officer of the insurer to whom stock may be allocated or to whom incentive, qualified, restricted, or employee stock purchase plan stock options may be granted pursuant to the plan, or the determination of the number or maximum number of shares of stock which may be allocated to any director or officer or which may be covered by incentive, qualified, restricted, or employee stock purchase plan stock options granted to any director or officer, is subject to the discretion of any person, then such discretion shall be exercised only as prescribed in this section.

(2) With the respect to the participation of directors:

(a) By the board of directors of the insurer, a majority of which board and a majority of the directors acting in the matter are disinterested persons.

(b) By, or only in accordance with the recommendations of, a committee of 3 or more persons having full authority to act in the matter, all of the members of which committee are disinterested persons.

(c) In accordance with the plan, if it specifies the number or maximum number of shares of stock which directors may acquire or which may be subject to incentive, qualified, restricted, or employee stock purchase plan stock options granted to directors and the terms upon which, and the times at which, or the periods within which, such stock may be acquired or such options may be acquired and exercised; or sets forth, by formula or otherwise, effective and determinable limitations on such acquisitions or grants based upon earnings of the insurer, dividends paid, compensation received by participants, option prices, market value of shares, outstanding shares, or percentages of outstanding shares, or similar factors.

(3) With respect to the participation of officers who are not directors:

(a) By the board of directors of the insurer or a committee of 3 or more directors.

(b) By, or only in accordance with the recommendations of, a committee of 3 or more persons having full authority to act in the matter, all of the members of which committee are disinterested persons.

(4) For the purpose of this section, a director or committee member shall be deemed to be a disinterested person only if he or she is not eligible at the time the discretion is exercised and has not been eligible at any time within 1 year prior thereto for selection as a person to whom stock may be allocated or to whom incentive, qualified, restricted, or employee stock purchase plan stock options may be granted pursuant to the plan or any other plan of the insurer or any of its affiliates entitling the participants therein to acquire stock or incentive, qualified, restricted, or employee stock purchase plan stock options of the insurer or any of its affiliates.

(5) This section shall not apply with respect to any option granted, or other equity security acquired, prior to the date that sections 5282, 5283, and 5284 first become applicable with respect to any class of equity securities of any insurer.

History: Add. 1984, Act 365, Imd. Eff. Dec. 27, 1984.

Popular name: Act 218