

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

500.5825 Rights or interests of member of nonprofit mutual disability insurer; dissolution or winding up of nonprofit mutual disability insurer; distribution and administration of residual value; conditions requiring payments to Michigan health endowment fund; determination by independent valuation; "beneficially own" defined.

Sec. 5825. (1) A member of a nonprofit mutual disability insurer that has merged with a nonprofit health care corporation as provided in section 5805(1) shall have no interest in, or residual rights to, the assets of the nonprofit mutual disability insurer; shall not receive policy or surplus dividends; and shall not be required to pay capital assessments by the nonprofit mutual disability insurer.

(2) In the event of the dissolution or winding up of a nonprofit mutual disability insurer described in subsection (1), any residual value remaining after satisfaction of claims filed under section 8142(1)(a) to (h), shall be distributed for the benefit of the people of this state to the Michigan health endowment fund created under part 6A of the nonprofit health care corporation reform act, 1980 PA 350, MCL 550.1651 to 550.1655, and shall be administered in a manner consistent with the supervision of trustees for charitable purposes act, 1961 PA 101, MCL 14.251 to 14.266.

(3) In the event of a transaction or series of transactions pursuant to which the nonprofit mutual disability insurer demutualizes under chapter 59; converts to a mutual holding company under chapter 60; sells, transfers, or otherwise disposes of all or substantially all of its assets; merges into an entity and the nonprofit mutual disability insurer is not the surviving entity; moves its principal executive office out of this state; redomesticates to another state; or allows or permits a person or a group of persons acting in concert to beneficially own greater than 50% of the voting power associated with ownership interests in the nonprofit mutual disability insurer, whether by merger, dividend, or any other means, then the nonprofit mutual disability insurer or the acquiring person or entity shall make payment for the benefit of the people of this state to the Michigan health endowment fund created under part 6A of the nonprofit health care corporation reform act, 1980 PA 350, MCL 550.1651 to 550.1655, in an amount equal to the greater of the acquisition price or the fair market value of the nonprofit mutual disability insurer and its subsidiaries, considered on a consolidated holding company basis as of the time of the closing of the transaction or series of transactions, as determined by an independent valuation by a person or entity mutually agreed upon by the attorney general, the commissioner, and the nonprofit mutual disability insurer. The cost of the independent valuation shall be paid by the nonprofit mutual disability insurer or the acquiring person or entity. The payment for the benefit of the people of this state shall be administered in a manner consistent with the supervision of trustees for charitable purposes act, 1961 PA 101, MCL 14.251 to 14.266, and shall be in satisfaction of any claim or assertion that consideration is due with respect to the charitable assets of the nonprofit mutual disability insurer.

(4) As used in this section, "beneficially own" means actual ownership or the right, directly or indirectly, to control voting power associated with ownership interests in the nonprofit mutual disability insurer.

History: Add. 2013, Act 5, Imd. Eff. Mar. 18, 2013.

Popular name: Act 218