

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

500.1315 Merger or acquisition of control; approval by director; public hearing; determination; contested case hearing.

Sec. 1315.

(1) The director shall approve a merger or other acquisition of control described in section 1311 of a domestic insurer unless the director determines from information furnished to the director on the merger or other acquisition of control 1 or more of the following:

(a) After the change of control, the domestic insurer described in section 1311 would not be able to satisfy the requirements for the issuance of a certificate of authority to write the types of insurance for which it is presently authorized.

(b) The merger or other acquisition of control would substantially lessen competition in insurance in this state or tend to create a monopoly in this state.

(c) The financial condition of an acquiring party might jeopardize the financial stability of the insurer, or prejudice the interest of its policyholders or the interests of a remaining securityholder who is unaffiliated with the acquiring party.

(d) The terms of the offer, request, invitation, agreement, or acquisition described in section 1311 are unfair and unreasonable to the insurer's policyholders or securityholders.

(e) The acquiring party's plan or proposal to liquidate the insurer, sell its assets, consolidate or merge the insurer with a person, or to make any other material change in its business or corporate structure or management, is unfair and unreasonable to the insurer's policyholders, and not in the public interest.

(f) The competence, experience, and integrity of the persons who would control the operation of the insurer are such that it would not be in the interest of the insurer's policyholders or the general public to permit the merger or other acquisition of control.

(g) The acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

(2) The director may hold a public hearing to receive evidence and to hear parties affected by the merger or acquisition. A hearing under this subsection must be held within 30 days after the filing of a statement under section 1311. The director shall provide notice of the hearing to the person filing the statement at least 20 days before the hearing. Not less than 7 days' notice of the public hearing shall be given by the person filing the statement to the insurer and to any other persons designated by the director. If the proposed acquisition of control will require the approval of more than 1 insurance commissioner, the public hearing may be held on a consolidated basis on request of the person filing the statement or as determined by the director. The director may opt out of a consolidated hearing and shall provide notice to the person who filed the statement under section 1311 of the opt-out within 10 days after the receipt of the statement required by section 1311. A hearing conducted on a consolidated basis must be held within the United States before the commissioners of the states in which the insurers are domiciled.

(3) In connection with a change of control of a domestic insurer, a determination by the director that the person acquiring control of the insurer shall be required to maintain or restore the capital of the insurer to the level required by this act shall be made not later than 60 days after the date of notification of the change of control submitted under section 1311.

(4) A person aggrieved by the director's order under this section is entitled to a contested case hearing before the director under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. The director shall make a final decision within 30 days after the conclusion of the hearing.

History: Add. 1970, Act 136, Imd. Eff. July 29, 1970 ;-- Am. 1992, Act 182, Imd. Eff. Oct. 1, 1992 ;-- Am. 2015, Act 244, Imd. Eff. Dec. 22, 2015

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