

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 808 (Substitute S-1 as reported without amendment)
Sponsor: Senator Shirley Johnson
Committee: Financial Services

CONTENT

The bill would add Chapter 60 (Reorganization of Mutual Insurers) to the Insurance Code to provide for the reorganization of a domestic mutual insurer into both a mutual holding company and a domestic stock insurance company. The bill would provide for a plan of reorganization, its review and approval, notice of a meeting for approval, adoption of articles of incorporation, effect of a plan, and the role of a mutual holding company. The bill also specifies that a mutual holding company would be considered a domestic mutual insurance company under the Code except that it could not be issued a certificate of authority to issue policies or transact the business of insurance.

("Plan of reorganization" would mean a plan adopted under the bill by the board of directors of a mutual company for the reorganization of the company simultaneously into both a mutual holding company and a converted company existing as a direct or indirect stock subsidiary of the mutual holding company. "Mutual holding company" would mean a mutual corporation resulting from a reorganization of a mutual company under the bill.)

A mutual insurer seeking to reorganize to a mutual holding company structure would have to adopt, by the affirmative vote of at least two-thirds of its board of directors, a plan of reorganization. The plan would become effective when the Insurance Commissioner had approved the plan, the members (holders of a membership interest in the mutual insurer) had approved the plan, and the articles of incorporation of the mutual holding company, each intermediate holding company, if any, and the revisited articles of incorporation of the converted company had been adopted and filed with the Commissioner.

MCL 500.5400 et al.

Legislative Analyst: N. Nagata

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 11-10-99

Fiscal Analyst: M. Tyszkiewicz