

Second Regular Session  
Seventy-second General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 20-0765.01 Richard Sweetman x4333

HOUSE BILL 20-1091

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HOUSE SPONSORSHIP

Snyder,

SENATE SPONSORSHIP

Williams A.,

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House Committees  
Business Affairs & Labor

Senate Committees

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A BILL FOR AN ACT

101 CONCERNING THE DIVISION OF A DOMESTIC STOCK INSURER INTO  
102 MULTIPLE RESULTING DOMESTIC STOCK INSURERS.

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Bill Summary

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

The bill states that a domestic stock insurer (dividing insurer) may divide into 2 or more resulting insurers pursuant to a plan of division. A plan of division must include:

- ! The name of the dividing insurer;
- ! The name of each resulting insurer created by the proposed division and, for each resulting insurer, a copy of proposed

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters or bold & italic numbers indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.



1           **10-3-1701. Definitions.** AS USED IN THIS PART 17, UNLESS THE  
2 CONTEXT OTHERWISE REQUIRES:

3           (1) "ASSET" MEANS PROPERTY, WHETHER REAL, PERSONAL, MIXED,  
4 TANGIBLE, OR INTANGIBLE, AND ANY RIGHT OR INTEREST IN THE  
5 PROPERTY, INCLUDING ALL RIGHTS UNDER A CONTRACT OR OTHER  
6 AGREEMENT.

7           (2) "CAPITAL" MEANS THE CAPITAL STOCK COMPONENT OF A  
8 STATUTORY SURPLUS, AS DEFINED IN THE NATIONAL ASSOCIATION OF  
9 INSURANCE COMMISSIONERS' ACCOUNTING PRACTICES AND PROCEDURES  
10 MANUAL, VERSION EFFECTIVE JANUARY 1, 2001, AS REVISED.

11           (3) "DIVIDE" OR "DIVISION" MEANS THE ACT BY OPERATION OF  
12 LAW BY WHICH A DOMESTIC STOCK INSURER SPLITS INTO TWO OR MORE  
13 RESULTING DOMESTIC STOCK INSURERS IN ACCORDANCE WITH A PLAN OF  
14 DIVISION AND THIS PART 17.

15           (4) "DIVIDING INSURER" MEANS A DOMESTIC STOCK INSURER THAT  
16 APPROVES A PLAN OF DIVISION.

17           (5) "DOMESTIC STOCK INSURER" MEANS AN INSURANCE COMPANY  
18 THAT HAS CAPITAL STOCK AND IS INCORPORATED UNDER THE LAWS OF  
19 THIS STATE.

20           (6) "LIABILITY" MEANS ANY LIABILITY OR OBLIGATION ARISING IN  
21 ANY MANNER.

22           (7) "PLAN OF DIVISION" MEANS A PLAN OF DIVISION THAT IS  
23 APPROVED BY A DIVIDING INSURER PURSUANT TO SECTION 10-3-1707.

24           (8) "RESULTING INSURER" MEANS A DIVIDING DOMESTIC STOCK  
25 INSURER THAT SURVIVES A DIVISION OR A NEW DOMESTIC STOCK INSURER  
26 THAT IS CREATED BY A DIVISION.

27           (9) "SHAREHOLDER" MEANS A PERSON IN WHOSE NAME SHARES

1 ARE REGISTERED IN THE RECORDS OF A CORPORATION OR THE BENEFICIAL  
2 OWNER OF SHARES TO THE EXTENT OF THE RIGHTS GRANTED BY A  
3 NOMINEE CERTIFICATE ON FILE WITH A CORPORATION.

4 (10) "SURPLUS" MEANS THE TOTAL STATUTORY SURPLUS MINUS  
5 CAPITAL, CALCULATED IN ACCORDANCE WITH THE NATIONAL  
6 ASSOCIATION OF INSURANCE COMMISSIONERS' ACCOUNTING PRACTICES  
7 AND PROCEDURES MANUAL, VERSION EFFECTIVE JANUARY 1, 2001, AS  
8 REVISED.

9 (11) "TRANSFER" MEANS AN ASSIGNMENT; ASSUMPTION;  
10 CONVEYANCE; SALE; LEASE; ENCUMBRANCE, INCLUDING A MORTGAGE OR  
11 SECURITY INTEREST; GIFT; OR TRANSFER BY OPERATION OF LAW.

12 **10-3-1702. Plan of division - general requirements.** (1) A  
13 DOMESTIC STOCK INSURER MAY, IN ACCORDANCE WITH THIS PART 17,  
14 DIVIDE INTO TWO OR MORE RESULTING INSURERS PURSUANT TO A PLAN OF  
15 DIVISION. A DOMESTIC STOCK INSURER'S PLAN OF DIVISION MUST INCLUDE:

16 (a) THE NAME OF THE DOMESTIC STOCK INSURER SEEKING TO  
17 DIVIDE;

18 (b) THE NAME OF EACH RESULTING INSURER CREATED BY THE  
19 PROPOSED DIVISION AND, FOR EACH RESULTING INSURER, A COPY OF THE  
20 RESULTING INSURER'S:

21 (I) PROPOSED ARTICLES OF INCORPORATION; AND

22 (II) PROPOSED BYLAWS;

23 (c) THE MANNER OF ALLOCATING ASSETS AND LIABILITIES,  
24 INCLUDING POLICY LIABILITIES, BETWEEN OR AMONG ALL RESULTING  
25 INSURERS;

26 (d) THE MANNER OF DISTRIBUTING SHARES IN THE RESULTING  
27 INSURERS TO THE DIVIDING INSURER OR THE DIVIDING INSURER'S

1 SHAREHOLDERS;

2 (e) A REASONABLE DESCRIPTION OF ALL LIABILITIES AND ALL  
3 ASSETS THAT THE DIVIDING INSURER PROPOSES TO ALLOCATE TO EACH  
4 RESULTING INSURER, INCLUDING THE MANNER BY WHICH THE DIVIDING  
5 INSURER PROPOSES TO ALLOCATE ALL REINSURANCE CONTRACTS;

6 (f) ALL TERMS AND CONDITIONS REQUIRED BY THE LAWS OF THIS  
7 STATE AND THE ARTICLES OF INCORPORATION AND BYLAWS OF THE  
8 DIVIDING INSURER; AND

9 (g) ALL OTHER TERMS AND CONDITIONS REQUIRED BY THE  
10 DIVISION.

11 **10-3-1703. Plan of division - dividing insurer to survive**

12 **division.** (1) IF A DIVIDING INSURER WILL SURVIVE A DIVISION, THE PLAN  
13 OF DIVISION MUST INCLUDE, IN ADDITION TO THE REQUIREMENTS  
14 DESCRIBED IN SECTION 10-3-1702:

15 (a) ALL PROPOSED AMENDMENTS TO THE DIVIDING INSURER'S  
16 ARTICLES OF INCORPORATION AND BYLAWS;

17 (b) IF THE DIVIDING INSURER INTENDS TO CANCEL SOME BUT NOT  
18 ALL SHARES IN THE DIVIDING INSURER, THE MANNER IN WHICH THE  
19 DIVIDING INSURER INTENDS TO CANCEL THE SHARES; AND

20 (c) IF THE DIVIDING INSURER INTENDS TO CONVERT SOME BUT NOT  
21 ALL SHARES IN THE DIVIDING INSURER INTO SHARES, SECURITIES,  
22 OBLIGATIONS, RIGHTS TO ACQUIRE SHARES OR SECURITIES, CASH,  
23 PROPERTY, OR ANY COMBINATION THEREOF, A STATEMENT DISCLOSING  
24 THE MANNER IN WHICH THE DIVIDING INSURER INTENDS TO CONVERT THE  
25 SHARES.

26 **10-3-1704. Plan of division - dividing insurer to not survive**

27 **division.** IF A DIVIDING INSURER WILL NOT SURVIVE A DIVISION, THE PLAN

1 OF DIVISION MUST INCLUDE, IN ADDITION TO THE REQUIREMENTS  
2 DESCRIBED IN SECTION 10-3-1702, THE MANNER IN WHICH THE DIVIDING  
3 INSURER WILL CANCEL OR CONVERT SHARES IN THE DIVIDING INSURER  
4 INTO SHARES, SECURITIES, OBLIGATIONS, RIGHTS TO ACQUIRE SHARES OR  
5 SECURITIES, CASH, PROPERTY, OR ANY COMBINATION THEREOF.

6 **10-3-1705. Amending plan of division.** (1) A DIVIDING INSURER  
7 MAY AMEND THE DIVIDING INSURER'S PLAN OF DIVISION IN ACCORDANCE  
8 WITH ANY PROCEDURES SET FORTH IN THE PLAN OF DIVISION, OR, IF NO  
9 SUCH PROCEDURES ARE SET FORTH IN THE PLAN OF DIVISION, IN A MANNER  
10 DETERMINED BY THE BOARD OF DIRECTORS OF THE DIVIDING INSURER. A  
11 SHAREHOLDER THAT IS ENTITLED TO VOTE ON OR CONSENT TO APPROVAL  
12 OF THE PLAN OF DIVISION IS ENTITLED TO VOTE ON OR CONSENT TO AN  
13 AMENDMENT OF THE PLAN OF DIVISION THAT WILL AFFECT:

14 (a) THE AMOUNT OR KIND OF SHARES, SECURITIES, OBLIGATIONS,  
15 RIGHTS TO ACQUIRE SHARES OR SECURITIES, CASH, PROPERTY, OR ANY  
16 COMBINATION THEREOF TO BE RECEIVED BY ANY OF THE SHAREHOLDERS  
17 OF THE DIVIDING INSURER UNDER THE PLAN OF DIVISION;

18 (b) THE ARTICLES OF INCORPORATION OR BYLAWS OF ANY  
19 RESULTING INSURER THAT BECOME EFFECTIVE WHEN THE DIVISION  
20 BECOMES EFFECTIVE, EXCEPT FOR CHANGES THAT DO NOT REQUIRE  
21 APPROVAL OF THE SHAREHOLDERS OF THE RESULTING INSURER UNDER ITS  
22 ARTICLES OF INCORPORATION OR BYLAWS; OR

23 (c) ANY OTHER TERMS OR CONDITIONS OF THE PLAN OF DIVISION  
24 THAT EFFECT A CHANGE THAT MAY ADVERSELY AFFECT THE  
25 SHAREHOLDERS IN ANY MATERIAL RESPECT.

26 **10-3-1706. Abandoning plan of division.** (1) A DIVIDING  
27 INSURER MAY ABANDON ITS PLAN OF DIVISION ONLY AS FOLLOWS:

1 (a) AFTER THE DIVIDING INSURER HAS APPROVED THE PLAN OF  
2 DIVISION WITHOUT ANY ACTION BY THE SHAREHOLDERS AND IN  
3 ACCORDANCE WITH ANY PROCEDURES SET FORTH IN THE PLAN OF  
4 DIVISION, OR IF NO SUCH PROCEDURES ARE SET FORTH IN THE PLAN OF  
5 DIVISION, THE DIVIDING INSURER MAY ABANDON ITS PLAN OF DIVISION IN  
6 A MANNER DETERMINED BY THE BOARD OF DIRECTORS OF THE DIVIDING  
7 INSURER; OR

8 (b) AFTER THE DIVIDING INSURER HAS FILED A CERTIFICATE OF  
9 DIVISION WITH THE SECRETARY OF STATE PURSUANT TO SECTION  
10 10-3-1710, THE DIVIDING INSURER MAY FILE A SIGNED CERTIFICATE OF  
11 ABANDONMENT WITH THE SECRETARY OF STATE AND FILE A COPY WITH  
12 THE COMMISSIONER. THE CERTIFICATE OF ABANDONMENT IS EFFECTIVE ON  
13 THE DATE IT IS FILED WITH THE SECRETARY OF STATE.

14 (2) A DIVIDING INSURER SHALL NOT ABANDON ITS PLAN OF  
15 DIVISION AFTER THE PLAN OF DIVISION BECOMES EFFECTIVE.

16 (3) IF A DIVIDING INSURER ELECTS TO ABANDON ITS PLAN OF  
17 DIVISION AFTER THE PLAN HAS BEEN FILED WITH THE COMMISSIONER BUT  
18 BEFORE IT BECOMES EFFECTIVE, THE DIVIDING INSURER SHALL NOTIFY THE  
19 COMMISSIONER.

20 **10-3-1707. Approval of plan of division - articles of**  
21 **incorporation and bylaws.** (1) A DIVIDING INSURER SHALL NOT FILE A  
22 PLAN OF DIVISION WITH THE COMMISSIONER UNTIL THE PLAN OF DIVISION  
23 HAS BEEN APPROVED IN ACCORDANCE WITH ALL PROVISIONS OF THE  
24 DIVIDING INSURER'S ARTICLES OF INCORPORATION AND BYLAWS. IF THE  
25 DIVIDING INSURER'S ARTICLES OF INCORPORATION AND BYLAWS DO NOT  
26 PROVIDE FOR APPROVAL OF A PLAN OF DIVISION, THE DIVIDING INSURER  
27 SHALL NOT FILE THE PLAN OF DIVISION WITH THE COMMISSIONER UNLESS

1 THE PLAN OF DIVISION HAS BEEN APPROVED IN ACCORDANCE WITH ALL  
2 PROVISIONS OF THE DIVIDING INSURER'S ARTICLES OF INCORPORATION AND  
3 BYLAWS THAT PROVIDE FOR APPROVAL OF A MERGER.

4 (2) IF A PROVISION OF A DIVIDING INSURER'S ARTICLES OF  
5 INCORPORATION OR BYLAWS ADOPTED BEFORE THE EFFECTIVE DATE OF  
6 THIS PART 17 REQUIRES THAT A SPECIFIC NUMBER OF OR PERCENTAGE OF  
7 THE BOARD OF DIRECTORS OR SHAREHOLDERS PROPOSE OR ADOPT A PLAN  
8 OF MERGER OR IMPOSE OTHER PROCEDURES FOR THE PROPOSAL OR  
9 ADOPTION OF A PLAN OF MERGER, THE DIVIDING INSURER SHALL ADHERE  
10 TO THE PROVISION IN PROPOSING OR ADOPTING A PLAN OF DIVISION. IF ANY  
11 SUCH PROVISION OF THE ARTICLES OF INCORPORATION OR BYLAWS IS  
12 AMENDED ON OR AFTER THE EFFECTIVE DATE OF THIS PART 17, THE  
13 PROVISION APPLIES TO A DIVISION THEREAFTER ONLY IN ACCORDANCE  
14 WITH ITS EXPRESS TERMS.

15 **10-3-1708. Commissioner approval of plan of division.**

16 (1) AFTER A DIVIDING INSURER APPROVES A PLAN OF DIVISION PURSUANT  
17 TO SECTION 10-3-1707, THE DIVIDING INSURER SHALL FILE THE PLAN OF  
18 DIVISION WITH THE COMMISSIONER. WITHIN TEN BUSINESS DAYS AFTER  
19 FILING THE PLAN OF DIVISION WITH THE COMMISSIONER, THE DIVIDING  
20 INSURER SHALL PROVIDE NOTICE OF THE FILING TO EACH REINSURER THAT  
21 IS A PARTY TO A REINSURANCE CONTRACT ALLOCATED IN THE PLAN OF  
22 DIVISION.

23 (2) (a) A DIVISION DOES NOT BECOME EFFECTIVE UNTIL IT IS  
24 APPROVED BY THE COMMISSIONER AFTER REASONABLE NOTICE AND A  
25 PUBLIC HEARING IN ACCORDANCE WITH SECTION 24-4-105.

26 (b) THE COMMISSIONER SHALL APPROVE A PLAN OF DIVISION IF,  
27 AFTER CONSIDERING ANY SIMULTANEOUS MERGER OR ACQUISITION OF A

1     RESULTING INSURER AS PART OF THE PLAN OF DIVISION, AND CONSIDERING  
2     ALL PROPOSED ASSETS OF THE RESULTING INSURERS, INCLUDING WITHOUT  
3     LIMITATION REINSURANCE AGREEMENTS, PARENTAL GUARANTEES,  
4     SUPPORT AGREEMENTS, KEEP WELL AGREEMENTS, AND CAPITAL  
5     MAINTENANCE OF CONTINGENT CAPITAL AGREEMENTS, REGARDLESS OF  
6     WHETHER ANY SUCH ASSETS QUALIFY AS AN ADMITTED ASSET UNDER  
7     STATE LAW, THE COMMISSIONER FINDS THAT THE FOLLOWING  
8     REQUIREMENTS ARE MET:

9             (I) THE FINANCIAL CONDITION OF A DIVIDING INSURER, A  
10     RESULTING INSURER, OR AN ACQUIRING PARTY OF A RESULTING INSURER,  
11     IF ANY, WILL NOT JEOPARDIZE THE FINANCIAL STABILITY OF THE DIVIDING  
12     INSURER OR PREJUDICE THE INTERESTS OF ITS POLICYHOLDERS, IN EACH  
13     CASE, IN A MANNER THAT IS UNFAIR TO ITS POLICYHOLDERS;

14            (II) THE TERMS OF THE PLAN OF DIVISION ARE FAIR AND  
15     REASONABLE TO THE DIVIDING INSURER'S AND ANY RESULTING INSURER'S  
16     POLICYHOLDERS AND SHAREHOLDERS;

17            (III) NEITHER A DIVIDING INSURER, A RESULTING INSURER, NOR AN  
18     ACQUIRING PARTY OF A RESULTING INSURER, IF ANY, HAS PLANS OR  
19     PROPOSALS TO LIQUIDATE THE DIVIDING INSURER OR ANY RESULTING  
20     INSURER, SELL ASSETS OF THE DIVIDING INSURER OR OF ANY RESULTING  
21     INSURER, CONSOLIDATE OR MERGE THE DIVIDING INSURER OR ANY  
22     RESULTING INSURER WITH A PERSON, OR MAKE ANY OTHER MATERIAL  
23     CHANGE IN THE DIVIDING INSURER'S OR ANY RESULTING INSURER'S  
24     BUSINESS OR CORPORATE STRUCTURE OR MANAGEMENT THAT IS UNFAIR  
25     OR UNREASONABLE TO THE DIVIDING INSURER'S OR RESULTING INSURERS'  
26     POLICYHOLDERS AND NOT IN THE PUBLIC INTEREST;

27            (IV) THE COMPETENCE, EXPERIENCE, AND INTEGRITY OF THE

1 PERSONS WHO WOULD CONTROL THE OPERATION OF A DIVIDING INSURER,  
2 IF IT SURVIVES THE DIVISION, AND ANY RESULTING INSURER ARE SUCH  
3 THAT IT WOULD BE CONSISTENT WITH THE INTEREST OF THE DIVIDING  
4 INSURER'S AND ANY RESULTING INSURERS' POLICYHOLDERS AND THE  
5 GENERAL PUBLIC TO PERMIT THE DIVISION;

6 (V) THE DIVISION IS NOT LIKELY TO BE HAZARDOUS OR  
7 PREJUDICIAL TO THE INSURANCE-BUYING PUBLIC;

8 (VI) THE INTEREST OF THE POLICYHOLDERS OF THE DIVIDING  
9 INSURER THAT MAY BECOME POLICYHOLDERS OF A RESULTING INSURER  
10 WILL BE ADEQUATELY PROTECTED BY THE RESULTING INSURER OR  
11 ACQUIRING PARTY OF A RESULTING INSURER, IF ANY;

12 (VII) THE DIVIDING INSURER, IF IT SURVIVES THE DIVISION, AND  
13 THE RESULTING INSURERS WILL BE SOLVENT UPON THE CONSUMMATION OF  
14 THE DIVISION; AND

15 (VIII) THE ASSETS ALLOCATED TO THE DIVIDING INSURER, IF IT  
16 SURVIVES THE DIVISION, AND TO RESULTING INSURERS WILL NOT, UPON  
17 THE CONSUMMATION OF THE DIVISION, BE UNREASONABLY SMALL IN  
18 RELATION TO THE BUSINESS AND TRANSACTIONS IN WHICH THE INSURERS  
19 WERE ENGAGED OR ARE ABOUT TO ENGAGE.

20 (c) A DIVIDING INSURER THAT FILES A PLAN OF DIVISION SHALL PAY  
21 ALL EXPENSES INCURRED BY THE COMMISSIONER IN CONNECTION WITH  
22 PROCEEDINGS UNDER THIS SECTION, INCLUDING EXPENSES FOR  
23 ATTORNEYS, ACTUARIES, ACCOUNTANTS, AND OTHER EXPERTS NOT  
24 OTHERWISE A PART OF THE COMMISSIONER'S STAFF AS MAY BE  
25 REASONABLY NECESSARY TO ASSIST THE COMMISSIONER IN REVIEWING  
26 THE PROPOSED PLAN OF DIVISION. THE COMMISSIONER MAY USE  
27 INDEPENDENT EXPERTS AT THE DISCRETION OF THE COMMISSIONER. A

1 DIVIDING INSURER MAY ALLOCATE THE EXPENSES IN THE PLAN OF DIVISION  
2 IN THE SAME MANNER AS ANY OTHER LIABILITY.

3 (d) IF THE COMMISSIONER APPROVES A PLAN OF DIVISION, THE  
4 COMMISSIONER SHALL ISSUE:

5 (I) AN ORDER THAT IS ACCOMPANIED BY FINDINGS OF FACT AND  
6 CONCLUSIONS OF LAW; AND

7 (II) A CERTIFICATE OF AUTHORITY AUTHORIZING THE RESULTING  
8 INSURERS TO TRANSACT THE BUSINESS OF INSURANCE IN THIS STATE;  
9 EXCEPT THAT THE COMMISSIONER MAY WAIVE THIS REQUIREMENT IF A  
10 RESULTING INSURER WILL NOT SURVIVE A MERGER SIMULTANEOUS WITH  
11 THE DIVISION IN ACCORDANCE WITH THE PLAN OF DIVISION.

12 (e) THE CONDITIONS IN THIS SECTION FOR FREEING ONE OR MORE  
13 OF THE RESULTING INSURERS FROM THE LIABILITIES OF THE DIVIDING  
14 INSURER AND FOR ALLOCATING SOME OR ALL OF THE LIABILITIES OF THE  
15 DIVIDING INSURER ARE DEEMED TO HAVE BEEN SATISFIED IF THE  
16 COMMISSIONER APPROVES THE PLAN OF DIVISION IN A FINAL ORDER.

17 **10-3-1709. Confidentiality - records.** (1) ALL INFORMATION,  
18 DOCUMENTS, MATERIALS, AND COPIES OF DOCUMENTS AND MATERIALS  
19 SUBMITTED TO, OBTAINED BY, OR DISCLOSED TO THE COMMISSIONER IN  
20 CONNECTION WITH A PLAN OF DIVISION OR IN CONTEMPLATION OF A PLAN  
21 OF DIVISION, INCLUDING ANY INFORMATION, DOCUMENTS, MATERIALS, OR  
22 COPIES PROVIDED BY OR ON BEHALF OF A DOMESTIC STOCK INSURER IN  
23 ADVANCE OF ITS ADOPTION OR SUBMISSION OF A PLAN OF DIVISION, ARE  
24 CONFIDENTIAL AND SUBJECT TO THE SAME PROTECTION AND TREATMENT  
25 DESCRIBED IN SECTION 10-3-808 FOR INFORMATION AND DOCUMENTS  
26 DISCLOSED TO OR OBTAINED BY THE COMMISSIONER IN THE COURSE OF AN  
27 EXAMINATION OR INVESTIGATION MADE UNDER SECTION 10-3-806, UNTIL

1 THE TIME, IF ANY, THAT A NOTICE OF THE HEARING CONTEMPLATED BY  
2 SECTION 10-3-1708 IS ISSUED.

3 (2) AFTER THE ISSUANCE OF A NOTICE OF THE HEARING  
4 CONTEMPLATED BY SECTION 10-3-1708, ALL BUSINESS, FINANCIAL,  
5 ACTUARIAL, AND OTHER PROPRIETARY INFORMATION FOR WHICH THE  
6 DOMESTIC STOCK INSURER REQUESTS CONFIDENTIAL TREATMENT, OTHER  
7 THAN THE PLAN OF DIVISION AND ANY MATERIALS INCORPORATED BY  
8 REFERENCE INTO OR OTHERWISE MADE A PART OF THE PLAN OF DIVISION  
9 THAT MUST NOT BE ELIGIBLE FOR CONFIDENTIAL TREATMENT AFTER THE  
10 ISSUANCE OF A NOTICE OF THE HEARING, CONTINUES TO BE CONFIDENTIAL,  
11 IS NOT AVAILABLE FOR PUBLIC INSPECTION, AND IS SUBJECT TO THE SAME  
12 PROTECTION AND TREATMENT AS DESCRIBED IN SECTION 10-3-808 FOR  
13 INFORMATION AND DOCUMENTS DISCLOSED TO OR OBTAINED BY THE  
14 COMMISSIONER IN THE COURSE OF AN EXAMINATION OR INVESTIGATION  
15 MADE UNDER SECTION 10-3-806. HOWEVER, IF THE COMMISSIONER  
16 DETERMINES THAT THE PUBLIC'S INTEREST IN MAKING THE INFORMATION  
17 AVAILABLE FOR PUBLIC INSPECTION OUTWEIGHS THE INTEREST OF THE  
18 DIVIDING INSURER IN KEEPING THE INFORMATION CONFIDENTIAL, THE  
19 COMMISSIONER MAY, AFTER NOTICE AND AN OPPORTUNITY TO BE HEARD,  
20 MAKE THE INFORMATION AVAILABLE TO PUBLIC INSPECTION IN  
21 ACCORDANCE WITH THE "COLORADO OPEN RECORDS ACT", PART 2 OF  
22 ARTICLE 72 OF TITLE 24.

23 **10-3-1710. Certificate of division.** (1) IF THE COMMISSIONER  
24 APPROVES A DIVIDING INSURER'S PLAN OF DIVISION PURSUANT TO SECTION  
25 10-3-1708, AN OFFICER OR DULY AUTHORIZED REPRESENTATIVE OF THE  
26 DIVIDING INSURER SHALL SIGN A CERTIFICATE OF DIVISION THAT SETS  
27 FORTH ALL OF THE FOLLOWING:

- 1 (a) THE NAME OF THE DIVIDING INSURER;
- 2 (b) A STATEMENT DISCLOSING WHETHER THE DIVIDING INSURER  
3 SURVIVED THE DIVISION. IF THE DIVIDING INSURER SURVIVED THE  
4 DIVISION, THE CERTIFICATE OF DIVISION MUST INCLUDE ANY AMENDMENTS  
5 TO THE DIVIDING INSURER'S ARTICLES OF INCORPORATION OR BYLAWS AS  
6 APPROVED AS PART OF THE PLAN OF DIVISION.
- 7 (c) THE NAME OF EACH RESULTING INSURER THAT IS CREATED BY  
8 THE DIVISION;
- 9 (d) THE DATE ON WHICH THE DIVISION IS EFFECTIVE;
- 10 (e) A STATEMENT THAT THE DIVISION WAS APPROVED BY THE  
11 COMMISSIONER PURSUANT TO SECTION 10-3-1708;
- 12 (f) A STATEMENT THAT THE DIVIDING INSURER PROVIDED  
13 REASONABLE NOTICE TO EACH REINSURER THAT IS A PARTY TO A  
14 REINSURANCE CONTRACT ALLOCATED IN THE PLAN OF DIVISION;
- 15 (g) ARTICLES OF INCORPORATION AND BYLAWS FOR EACH  
16 RESULTING INSURER CREATED BY THE DIVISION. THE ARTICLES OF  
17 INCORPORATION AND BYLAWS OF EACH RESULTING INSURER MUST COMPLY  
18 WITH THE APPLICABLE REQUIREMENTS OF THE LAWS OF THIS STATE. THE  
19 ARTICLES OF INCORPORATION AND BYLAWS MAY STATE THE NAME OR  
20 ADDRESS OF AN INCORPORATOR, MAY BE SIGNED, AND MAY INCLUDE ANY  
21 PROVISION THAT IS NOT REQUIRED IN A RESTATEMENT OF THE ARTICLES OF  
22 INCORPORATION OR BYLAWS.
- 23 (h) A REASONABLE DESCRIPTION OF THE CAPITAL, SURPLUS, OR  
24 OTHER ASSETS AND LIABILITIES, INCLUDING POLICY LIABILITIES, OF THE  
25 DIVIDING INSURER THAT ARE TO BE ALLOCATED TO EACH RESULTING  
26 INSURER.
- 27 (2) A DIVIDING INSURER'S CERTIFICATE OF DIVISION IS EFFECTIVE

1 ON THE DATE THE DIVIDING INSURER FILES THE CERTIFICATE WITH THE  
2 SECRETARY OF STATE AND PROVIDES A CONCURRENT COPY TO THE  
3 COMMISSIONER, OR ON ANOTHER DATE AS SPECIFIED IN THE PLAN OF  
4 DIVISION, WHICHEVER IS LATER. HOWEVER, THE CERTIFICATE OF DIVISION  
5 BECOMES EFFECTIVE NOT LATER THAN NINETY CALENDAR DAYS AFTER IT  
6 IS FILED WITH THE SECRETARY OF STATE. A DIVISION IS EFFECTIVE WHEN  
7 THE RELEVANT CERTIFICATE OF DIVISION IS EFFECTIVE.

8 **10-3-1711. After division is effective.** (1) (a) ON THE EFFECTIVE  
9 DATE OF A DIVISION PURSUANT TO SECTION 10-3-1710, IF THE DIVIDING  
10 INSURER SURVIVES, ALL OF THE FOLLOWING APPLY:

11 (I) THE DIVIDING INSURER CONTINUES TO EXIST;

12 (II) THE DIVIDING INSURER MUST AMEND ITS ARTICLES OF  
13 INCORPORATION IF THE AMENDMENTS ARE PROVIDED FOR IN THE PLAN OF  
14 DIVISION; AND

15 (III) THE DIVIDING INSURER MUST AMEND ITS BYLAWS IF THE  
16 AMENDMENTS ARE PROVIDED FOR IN THE PLAN OF DIVISION.

17 (b) ON THE EFFECTIVE DATE OF A DIVISION PURSUANT TO SECTION  
18 10-3-1710, IF THE DIVIDING INSURER DOES NOT SURVIVE, THE DIVIDING  
19 INSURER CEASES TO EXIST AND ANY RESULTING INSURER CREATED BY THE  
20 PLAN OF DIVISION COMES INTO EXISTENCE.

21 (c) EACH RESULTING INSURER HOLDS ANY CAPITAL, SURPLUS, AND  
22 OTHER ASSETS ALLOCATED TO THE RESULTING INSURER BY THE PLAN OF  
23 DIVISION AS A SUCCESSOR TO THE DIVIDING INSURER BY OPERATION OF  
24 LAW, AND NOT BY TRANSFER, WHETHER DIRECTLY OR INDIRECTLY. THE  
25 ARTICLES OF INCORPORATION AND BYLAWS, IF ANY, OF EACH RESULTING  
26 INSURER ARE EFFECTIVE WHEN THE RESULTING INSURER COMES INTO  
27 EXISTENCE.

1 (d) ALL CAPITAL, SURPLUS, AND OTHER ASSETS OF THE DIVIDING  
2 INSURER:

3 (I) THAT ARE ALLOCATED BY THE PLAN OF DIVISION VEST IN THE  
4 APPLICABLE RESULTING INSURER AS PROVIDED IN THE PLAN OF DIVISION  
5 OR REMAIN VESTED IN THE DIVIDING INSURER AS PROVIDED IN THE PLAN  
6 OF DIVISION;

7 (II) THAT ARE NOT ALLOCATED BY THE PLAN OF DIVISION REMAIN  
8 VESTED IN THE DIVIDING INSURER IF THE DIVIDING INSURER SURVIVES THE  
9 DIVISION AND ARE ALLOCATED TO, AND VEST PRO RATA IN, THE RESULTING  
10 INSURERS INDIVIDUALLY IF THE DIVIDING INSURER DOES NOT SURVIVE THE  
11 DIVISION; AND

12 (III) OTHERWISE VEST AS PROVIDED IN THIS SECTION WITHOUT  
13 TRANSFER, REVERSION, OR IMPAIRMENT.

14 (e) A RESULTING INSURER TO WHICH A CAUSE OF ACTION IS  
15 ALLOCATED MAY BE SUBSTITUTED OR ADDED IN ANY PENDING ACTION OR  
16 PROCEEDING TO WHICH THE DIVIDING INSURER IS A PARTY WHEN THE  
17 DIVISION BECOMES EFFECTIVE.

18 (f) ALL LIABILITIES, INCLUDING POLICY LIABILITIES, OF A DIVIDING  
19 INSURER ARE ALLOCATED BETWEEN OR AMONG ANY RESULTING INSURERS  
20 AS PROVIDED IN SECTION 10-3-1710, AND EACH RESULTING INSURER TO  
21 WHICH LIABILITIES ARE ALLOCATED IS LIABLE ONLY FOR THOSE  
22 LIABILITIES, INCLUDING POLICY LIABILITIES, ALLOCATED AS A SUCCESSOR  
23 TO THE DIVIDING INSURER BY OPERATION OF LAW, AND NOT BY TRANSFER  
24 OR ASSUMPTION, WHETHER DIRECTLY OR INDIRECTLY.

25 (g) ANY SHARES IN THE DIVIDING INSURER THAT ARE TO BE  
26 CONVERTED OR CANCELED IN THE DIVISION ARE CONVERTED OR  
27 CANCELED, AND THE SHAREHOLDERS OF THOSE SHARES ARE ENTITLED

1 ONLY TO THE RIGHTS PROVIDED TO THE SHAREHOLDERS UNDER THE PLAN  
2 OF DIVISION AND ANY APPRAISAL RIGHTS THAT THE SHAREHOLDERS MAY  
3 HAVE PURSUANT TO SECTION 10-3-1713.

4 (2) EXCEPT AS PROVIDED IN THE DIVIDING INSURER'S ARTICLES OF  
5 INCORPORATION OR BYLAWS, A DIVISION DOES NOT GIVE RISE TO ANY  
6 RIGHTS THAT A SHAREHOLDER, DIRECTOR OF A DOMESTIC STOCK INSURER,  
7 OR THIRD PARTY WOULD HAVE UPON A DISSOLUTION, LIQUIDATION, OR  
8 WINDING UP OF THE DIVIDING INSURER.

9 (3) THE ALLOCATION TO A RESULTING INSURER OF CAPITAL,  
10 SURPLUS, OR OTHER ASSET THAT IS COLLATERAL COVERED BY AN  
11 EFFECTIVE FINANCING STATEMENT IS NOT EFFECTIVE UNTIL A NEW  
12 EFFECTIVE FINANCING STATEMENT NAMING THE RESULTING INSURER AS A  
13 DEBTOR IS EFFECTIVE UNDER THE "UNIFORM COMMERCIAL CODE", TITLE  
14 4.

15 (4) UNLESS OTHERWISE PROVIDED IN THE PLAN OF DIVISION, THE  
16 SHARES IN, AND ANY SECURITIES OF, EACH RESULTING INSURER ARE  
17 DISTRIBUTED TO THE DIVIDING INSURER, IF IT SURVIVES THE DIVISION, OR  
18 ARE DISTRIBUTED PRO RATA TO THE SHAREHOLDERS OF THE DIVIDING  
19 INSURER THAT DO NOT ASSERT ANY APPRAISAL RIGHTS PURSUANT TO  
20 SECTION 10-3-1713.

21 (5) A DIVISION THAT BECOMES EFFECTIVE PURSUANT TO THIS PART  
22 17 IS NOT AN ASSIGNMENT OF ANY INSURANCE POLICY, ANNUITY,  
23 REINSURANCE AGREEMENT, OR OTHER TYPE OF CONTRACT.

24 **10-3-1712. Resulting insurers' liability for allocated assets and**  
25 **debts.** (1) EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION, WHEN A  
26 DIVISION BECOMES EFFECTIVE, BY OPERATION OF LAW ALL OF THE  
27 FOLLOWING APPLY:

1 (a) A RESULTING INSURER IS INDIVIDUALLY LIABLE FOR THE  
2 LIABILITIES, INCLUDING POLICY LIABILITIES:

3 (I) THAT THE RESULTING INSURER ISSUES, UNDERTAKES, OR  
4 INCURS IN ITS OWN NAME AFTER THE DIVISION; AND

5 (II) OF THE DIVIDING INSURER THAT ARE ALLOCATED TO OR  
6 REMAIN THE LIABILITY OF THE RESULTING INSURER TO THE EXTENT  
7 SPECIFIED IN THE PLAN OF DIVISION;

8 (b) THE DIVIDING INSURER REMAINS RESPONSIBLE FOR THE  
9 LIABILITIES, INCLUDING POLICY LIABILITIES, OF THE DIVIDING INSURER  
10 THAT ARE NOT ALLOCATED BY THE PLAN OF DIVISION IF THE DIVIDING  
11 INSURER SURVIVES THE DIVISION; AND

12 (c) A RESULTING INSURER IS LIABLE PRO RATA INDIVIDUALLY FOR  
13 THE LIABILITIES, INCLUDING POLICY LIABILITIES, OF THE DIVIDING INSURER  
14 THAT ARE NOT ALLOCATED BY THE PLAN OF DIVISION IF THE DIVIDING  
15 INSURER DOES NOT SURVIVE THE DIVISION.

16 (2) EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS SECTION,  
17 WHEN A DIVISION BECOMES EFFECTIVE, A RESULTING INSURER IS NOT  
18 RESPONSIBLE FOR AND DOES NOT HAVE LIABILITY FOR:

19 (a) ANY LIABILITIES, INCLUDING POLICY LIABILITIES, THAT  
20 ANOTHER RESULTING INSURER ISSUES, UNDERTAKES, OR INCURS IN THE  
21 RESULTING INSURER'S OWN NAME AFTER THE DIVISION; OR

22 (b) ANY LIABILITIES, INCLUDING POLICY LIABILITIES, OF THE  
23 DIVIDING INSURER THAT ARE ALLOCATED TO OR REMAIN THE LIABILITY OF  
24 ANOTHER RESULTING INSURER UNDER THE PLAN OF DIVISION.

25 (3) IF A PROVISION OF ANY EVIDENCE OF INDEBTEDNESS, WHETHER  
26 SECURED OR UNSECURED, OR A PROVISION OF ANY CONTRACT OTHER THAN  
27 AN INSURANCE POLICY, ANNUITY, OR REINSURANCE AGREEMENT THAT

1 WAS ISSUED, INCURRED, OR EXECUTED BY THE DIVIDING INSURER BEFORE  
2 THE EFFECTIVE DATE OF THIS PART 17, REQUIRES THE CONSENT OF THE  
3 OBLIGEE TO A MERGER OF THE DIVIDING INSURER, OR TREATS SUCH A  
4 MERGER AS A DEFAULT, THE PROVISION APPLIES TO A DIVISION OF THE  
5 DIVIDING INSURER AS IF THE DIVISION WERE A MERGER.

6 (4) IF A DIVISION BREACHES A CONTRACTUAL OBLIGATION OF THE  
7 DIVIDING INSURER, ALL RESULTING INSURERS ARE JOINTLY AND  
8 SEVERALLY LIABLE FOR THE BREACH. THE VALIDITY AND EFFECTIVENESS  
9 OF THE DIVISION IS NOT AFFECTED BY THE BREACH.

10 (5) A DIRECT OR INDIRECT ALLOCATION OF CAPITAL, SURPLUS,  
11 ASSETS, OR LIABILITIES, INCLUDING POLICY LIABILITIES, OCCURS  
12 AUTOMATICALLY, BY OPERATION OF LAW, AND MAY NOT BE TREATED AS  
13 A DISTRIBUTION OR TRANSFER FOR ANY PURPOSE WITH RESPECT TO EITHER  
14 THE DIVIDING INSURER OR ANY RESULTING INSURER.

15 (6) LIENS, SECURITY INTERESTS, AND OTHER CHARGES ON THE  
16 CAPITAL, SURPLUS, OR OTHER ASSETS OF THE DIVIDING INSURER ARE NOT  
17 IMPAIRED BY THE DIVISION, NOTWITHSTANDING ANY OTHERWISE  
18 ENFORCEABLE ALLOCATION OF LIABILITIES, INCLUDING POLICY  
19 LIABILITIES, OF THE DIVIDING INSURER.

20 (7) IF THE DIVIDING INSURER IS BOUND BY A SECURITY AGREEMENT  
21 GOVERNED BY ARTICLE 5 OR 9 OF TITLE 4, OR BY THE SUBSTANTIAL  
22 EQUIVALENT AS ENACTED IN ANY OTHER JURISDICTION, AND THE SECURITY  
23 AGREEMENT PROVIDES THAT THE SECURITY INTEREST ATTACHES TO  
24 AFTER-ACQUIRED COLLATERAL, A RESULTING INSURER IS BOUND BY THE  
25 SECURITY AGREEMENT.

26 (8) UNLESS OTHERWISE PROVIDED IN THE PLAN OF DIVISION AND  
27 SPECIFICALLY APPROVED BY THE COMMISSIONER, AN ALLOCATION OF A

1 POLICY OR OTHER LIABILITY MAY NOT:

2 (a) AFFECT THE RIGHTS THAT A POLICYHOLDER OR CREDITOR HAS  
3 UNDER ANY OTHER LAW WITH RESPECT TO THE POLICY OR OTHER  
4 LIABILITY; EXCEPT THAT THE RIGHTS ARE AVAILABLE ONLY AGAINST A  
5 RESULTING INSURER RESPONSIBLE FOR THE POLICY OR LIABILITY UNDER  
6 THIS SECTION; OR

7 (b) RELEASE OR REDUCE THE OBLIGATION OF A REINSURER,  
8 SURETY, OR GUARANTOR OF THE POLICY OR LIABILITY.

9 (9) A RESULTING INSURER IS LIABLE ONLY FOR THE LIABILITIES  
10 ALLOCATED TO THE RESULTING INSURER IN ACCORDANCE WITH THE PLAN  
11 OF DIVISION AND THIS SECTION AND IS NOT LIABLE FOR ANY OTHER  
12 LIABILITIES UNDER THE COMMON LAW DOCTRINE OF SUCCESSOR LIABILITY  
13 OR ANY OTHER THEORY OF LIABILITY APPLICABLE TO TRANSFEREES OR  
14 ASSIGNEES OF ASSETS.

15 **10-3-1713. Shareholder appraisal rights.** IF A DIVIDING INSURER  
16 DOES NOT SURVIVE A DIVISION, A SHAREHOLDER OF THE DIVIDING INSURER  
17 IS ENTITLED TO APPRAISAL RIGHTS AND TO OBTAIN PAYMENT OF THE FAIR  
18 VALUE OF THE SHAREHOLDER'S SHARES IN THE SAME MANNER AND TO THE  
19 EXTENT PROVIDED FOR A CORPORATION AS A PARTY TO A MERGER  
20 PURSUANT TO SECTION 7-113-102.

21 **10-3-1714. Rules.** THE COMMISSIONER MAY ADOPT RULES TO  
22 ADMINISTER THIS PART 17.

23 **10-3-1715. Enforcement by commissioner.** THE COMMISSIONER  
24 MAY TAKE ANY ACTION WITHIN THE COMMISSIONER'S AUTHORITY TO  
25 ENFORCE COMPLIANCE WITH THIS PART 17.

26 **10-3-1716. Merger or consolidation effective with division.**  
27 (1) TO FACILITATE THE MERGER OR CONSOLIDATION OF ANY RESULTING

1 INSURER WITH AND INTO ANOTHER COMPANY SIMULTANEOUSLY WITH THE  
2 EFFECTIVENESS OF A DIVISION AUTHORIZED BY THIS PART 17, A DIVIDING  
3 INSURER, INCLUDING ITS OFFICERS, DIRECTORS, AND SHAREHOLDERS, MAY:

4 (a) ADOPT AND EXECUTE A PLAN OF MERGER OR CONSOLIDATION  
5 ON BEHALF OF A RESULTING INSURER;

6 (b) EXECUTE AND DELIVER DOCUMENTS, PLANS, CERTIFICATES,  
7 AND RESOLUTIONS; AND

8 (c) MAKE ANY FILINGS, IN EACH CASE, ON BEHALF OF THE  
9 RESULTING INSURER.

10 (2) IF SO PROVIDED IN A PLAN OF MERGER OR CONSOLIDATION  
11 DESCRIBED IN THIS SECTION, THE MERGER OR CONSOLIDATION IS  
12 EFFECTIVE SIMULTANEOUSLY WITH THE EFFECTIVENESS OF A DIVISION  
13 AUTHORIZED BY THIS PART 17.

14 (3) ON REQUEST OF THE DIVIDING INSURER, THE COMMISSIONER  
15 MAY WAIVE THE OTHER REQUIREMENTS OF THIS SECTION WITH RESPECT TO  
16 ANY MERGER OR CONSOLIDATION INVOLVING ONLY DOMESTIC STOCK  
17 INSURERS AND MAY ISSUE THE COMMISSIONER'S FINAL APPROVAL OF THE  
18 MERGER OR CONSOLIDATION AS PART OF THE COMMISSIONER'S APPROVAL  
19 OF A PLAN OF DIVISION UNDER THIS PART 17.

20 **SECTION 2.** In Colorado Revised Statutes, 7-113-102, **amend**  
21 **as they will become effective July 1, 2020,** (1)(g), (1)(h), and (2)  
22 introductory portion; and **add** (1)(i) as follows:

23 **7-113-102. Right to appraisal.** (1) A shareholder is entitled to  
24 appraisal rights and to obtain payment of the fair value of that  
25 shareholder's shares in the event of any of the following corporate  
26 actions:

27 (g) Consummation of a conversion of the corporation to nonprofit

1 status pursuant to section 7-90-201; ~~or~~

2 (h) Consummation of a conversion of the corporation to an  
3 unincorporated entity pursuant to section 7-90-206 (2) if the shareholder  
4 is entitled to vote on the conversion; OR

5 (i) CONSUMMATION OF A DIVISION, AS DEFINED IN SECTION  
6 10-3-1701 (3), TO WHICH THE CORPORATION IS A PARTY IF THE  
7 CORPORATION DOES NOT SURVIVE THE DIVISION, SUBJECT TO THE  
8 LIMITATIONS SET FORTH IN SECTION 10-3-1713.

9 (2) Notwithstanding subsection (1) of this section, the availability  
10 of appraisal rights under subsections (1)(a), (1)(b), (1)(c), (1)(d), (1)(e),  
11 ~~and~~ (1)(h), AND (1)(i) of this section ~~are~~ IS limited in accordance with the  
12 following provisions:

13 **SECTION 3. Act subject to petition - effective date.** This act  
14 takes effect at 12:01 a.m. on the day following the expiration of the  
15 ninety-day period after final adjournment of the general assembly (August  
16 5, 2020, if adjournment sine die is on May 6, 2020); except that, if a  
17 referendum petition is filed pursuant to section 1 (3) of article V of the  
18 state constitution against this act or an item, section, or part of this act  
19 within such period, then the act, item, section, or part will not take effect  
20 unless approved by the people at the general election to be held in  
21 November 2020 and, in such case, will take effect on the date of the  
22 official declaration of the vote thereon by the governor.