

**Second Regular Session  
Seventy-second General Assembly  
STATE OF COLORADO**

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

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  
Appropriations

**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) (a) "CONTRACT HOLDER" MEANS THE OWNER OF AN ANNUITY  
12 CONTRACT.

13           (b) "CONTRACT HOLDER" DOES NOT MEAN A CERTIFICATE HOLDER  
14 OF A GROUP ANNUITY CONTRACT OR ANY OTHER COVERED PERSON UNDER  
15 A GROUP ANNUITY CONTRACT.

16           (4) "DIVIDE" OR "DIVISION" MEANS THE ACT BY OPERATION OF  
17 LAW BY WHICH A DOMESTIC STOCK INSURER SPLITS INTO TWO OR MORE  
18 RESULTING DOMESTIC STOCK INSURERS IN ACCORDANCE WITH A PLAN OF  
19 DIVISION AND THIS PART 17.

20           (5) "DIVIDING INSURER" MEANS A DOMESTIC STOCK INSURER THAT  
21 APPROVES A PLAN OF DIVISION.

22           (6) "DOMESTIC STOCK INSURER" MEANS AN INSURANCE COMPANY  
23 THAT HAS CAPITAL STOCK AND IS INCORPORATED UNDER THE LAWS OF  
24 THIS STATE.

25           (7) "LIABILITY" MEANS ANY LIABILITY OR OBLIGATION ARISING IN  
26 ANY MANNER.

27           (8) "PLAN OF DIVISION" MEANS A PLAN OF DIVISION THAT IS

1 APPROVED BY A DIVIDING INSURER PURSUANT TO SECTION 10-3-1707.

2 (9) (a) "POLICYHOLDER" MEANS THE OWNER OF AN INSURANCE  
3 POLICY.

4 (b) "POLICYHOLDER" DOES NOT MEAN A CERTIFICATE HOLDER OF  
5 A GROUP INSURANCE POLICY OR ANY OTHER COVERED PERSON UNDER A  
6 GROUP INSURANCE POLICY.

7 (10) "RESULTING INSURER" MEANS A DIVIDING DOMESTIC STOCK  
8 INSURER THAT SURVIVES A DIVISION OR A NEW DOMESTIC STOCK INSURER  
9 THAT IS CREATED BY A DIVISION.

10 (11) "SHAREHOLDER" MEANS A PERSON IN WHOSE NAME SHARES  
11 ARE REGISTERED IN THE RECORDS OF A CORPORATION OR THE BENEFICIAL  
12 OWNER OF SHARES TO THE EXTENT OF THE RIGHTS GRANTED BY A  
13 NOMINEE CERTIFICATE ON FILE WITH A CORPORATION.

14 (12) "SURPLUS" MEANS THE TOTAL STATUTORY SURPLUS MINUS  
15 CAPITAL, CALCULATED IN ACCORDANCE WITH THE NATIONAL  
16 ASSOCIATION OF INSURANCE COMMISSIONERS' ACCOUNTING PRACTICES  
17 AND PROCEDURES MANUAL, VERSION EFFECTIVE JANUARY 1, 2001, AS  
18 REVISED.

19 (13) "TRANSFER" MEANS AN ASSIGNMENT; ASSUMPTION;  
20 CONVEYANCE; SALE; LEASE; ENCUMBRANCE, INCLUDING A MORTGAGE OR  
21 SECURITY INTEREST; GIFT; OR TRANSFER BY OPERATION OF LAW.

22 **10-3-1702. Plan of division - general requirements.** (1) A  
23 DOMESTIC STOCK INSURER MAY, IN ACCORDANCE WITH THIS PART 17,  
24 DIVIDE INTO TWO OR MORE RESULTING INSURERS PURSUANT TO A PLAN OF  
25 DIVISION. A DOMESTIC STOCK INSURER'S PLAN OF DIVISION MUST INCLUDE:

26 (a) THE NAME OF THE DOMESTIC STOCK INSURER SEEKING TO  
27 DIVIDE;

1 (b) THE NAME OF EACH RESULTING INSURER CREATED BY THE  
2 PROPOSED DIVISION AND, FOR EACH RESULTING INSURER, A COPY OF THE  
3 RESULTING INSURER'S:

4 (I) PROPOSED ARTICLES OF INCORPORATION; AND

5 (II) PROPOSED BYLAWS;

6 (c) THE MANNER OF ALLOCATING ASSETS AND LIABILITIES,  
7 INCLUDING POLICY LIABILITIES, BETWEEN OR AMONG ALL RESULTING  
8 INSURERS;

9 (d) THE MANNER OF DISTRIBUTING SHARES IN THE RESULTING  
10 INSURERS TO THE DIVIDING INSURER OR THE DIVIDING INSURER'S  
11 SHAREHOLDERS;

12 (e) A REASONABLE DESCRIPTION OF ALL LIABILITIES AND ALL  
13 ASSETS THAT THE DIVIDING INSURER PROPOSES TO ALLOCATE TO EACH  
14 RESULTING INSURER, INCLUDING THE MANNER BY WHICH THE DIVIDING  
15 INSURER PROPOSES TO ALLOCATE ALL REINSURANCE CONTRACTS;

16 (f) ALL TERMS AND CONDITIONS REQUIRED BY THE LAWS OF THIS  
17 STATE AND THE ARTICLES OF INCORPORATION AND BYLAWS OF THE  
18 DIVIDING INSURER; AND

19 (g) ALL OTHER TERMS AND CONDITIONS REQUIRED BY THE  
20 DIVISION.

21 **10-3-1703. Plan of division - dividing insurer to survive**  
22 **division.** (1) IF A DIVIDING INSURER WILL SURVIVE A DIVISION, THE PLAN  
23 OF DIVISION MUST INCLUDE, IN ADDITION TO THE REQUIREMENTS  
24 DESCRIBED IN SECTION 10-3-1702:

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

27 (b) IF THE DIVIDING INSURER INTENDS TO CANCEL SOME BUT NOT

1 ALL SHARES IN THE DIVIDING INSURER, THE MANNER IN WHICH THE  
2 DIVIDING INSURER INTENDS TO CANCEL THE SHARES; AND

3 (c) IF THE DIVIDING INSURER INTENDS TO CONVERT SOME BUT NOT  
4 ALL SHARES IN THE DIVIDING INSURER INTO SHARES, SECURITIES,  
5 OBLIGATIONS, RIGHTS TO ACQUIRE SHARES OR SECURITIES, CASH,  
6 PROPERTY, OR ANY COMBINATION THEREOF, A STATEMENT DISCLOSING  
7 THE MANNER IN WHICH THE DIVIDING INSURER INTENDS TO CONVERT THE  
8 SHARES.

9 **10-3-1704. Plan of division - dividing insurer to not survive**  
10 **division.** IF A DIVIDING INSURER WILL NOT SURVIVE A DIVISION, THE PLAN  
11 OF DIVISION MUST INCLUDE, IN ADDITION TO THE REQUIREMENTS  
12 DESCRIBED IN SECTION 10-3-1702, THE MANNER IN WHICH THE DIVIDING  
13 INSURER WILL CANCEL OR CONVERT SHARES IN THE DIVIDING INSURER  
14 INTO SHARES, SECURITIES, OBLIGATIONS, RIGHTS TO ACQUIRE SHARES OR  
15 SECURITIES, CASH, PROPERTY, OR ANY COMBINATION THEREOF.

16 **10-3-1705. Amending plan of division.** (1) A DIVIDING INSURER  
17 MAY AMEND THE DIVIDING INSURER'S PLAN OF DIVISION IN ACCORDANCE  
18 WITH ANY PROCEDURES SET FORTH IN THE PLAN OF DIVISION, OR, IF NO  
19 SUCH PROCEDURES ARE SET FORTH IN THE PLAN OF DIVISION, IN A MANNER  
20 DETERMINED BY THE BOARD OF DIRECTORS OF THE DIVIDING INSURER. A  
21 SHAREHOLDER THAT IS ENTITLED TO VOTE ON OR CONSENT TO APPROVAL  
22 OF THE PLAN OF DIVISION IS ENTITLED TO VOTE ON OR CONSENT TO AN  
23 AMENDMENT OF THE PLAN OF DIVISION THAT WILL AFFECT:

24 (a) THE AMOUNT OR KIND OF SHARES, SECURITIES, OBLIGATIONS,  
25 RIGHTS TO ACQUIRE SHARES OR SECURITIES, CASH, PROPERTY, OR ANY  
26 COMBINATION THEREOF TO BE RECEIVED BY ANY OF THE SHAREHOLDERS  
27 OF THE DIVIDING INSURER UNDER THE PLAN OF DIVISION;

1 (b) THE ARTICLES OF INCORPORATION OR BYLAWS OF ANY  
2 RESULTING INSURER THAT BECOME EFFECTIVE WHEN THE DIVISION  
3 BECOMES EFFECTIVE, EXCEPT FOR CHANGES THAT DO NOT REQUIRE  
4 APPROVAL OF THE SHAREHOLDERS OF THE RESULTING INSURER UNDER ITS  
5 ARTICLES OF INCORPORATION OR BYLAWS; OR

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

9 **10-3-1706. Abandoning plan of division.** (1) A DIVIDING  
10 INSURER MAY ABANDON ITS PLAN OF DIVISION ONLY AS FOLLOWS:

11 (a) AFTER THE DIVIDING INSURER HAS APPROVED THE PLAN OF  
12 DIVISION WITHOUT ANY ACTION BY THE SHAREHOLDERS AND IN  
13 ACCORDANCE WITH ANY PROCEDURES SET FORTH IN THE PLAN OF  
14 DIVISION, OR IF NO SUCH PROCEDURES ARE SET FORTH IN THE PLAN OF  
15 DIVISION, THE DIVIDING INSURER MAY ABANDON ITS PLAN OF DIVISION IN  
16 A MANNER DETERMINED BY THE BOARD OF DIRECTORS OF THE DIVIDING  
17 INSURER; OR

18 (b) AFTER THE DIVIDING INSURER HAS FILED A CERTIFICATE OF  
19 DIVISION WITH THE SECRETARY OF STATE PURSUANT TO SECTION  
20 10-3-1710, THE DIVIDING INSURER MAY FILE A SIGNED CERTIFICATE OF  
21 ABANDONMENT WITH THE SECRETARY OF STATE AND FILE A COPY WITH  
22 THE COMMISSIONER. THE CERTIFICATE OF ABANDONMENT IS EFFECTIVE ON  
23 THE DATE IT IS FILED WITH THE SECRETARY OF STATE.

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

26 (3) IF A DIVIDING INSURER ELECTS TO ABANDON ITS PLAN OF  
27 DIVISION AFTER THE PLAN HAS BEEN FILED WITH THE COMMISSIONER BUT

1 BEFORE IT BECOMES EFFECTIVE, THE DIVIDING INSURER SHALL NOTIFY THE  
2 COMMISSIONER.

3 **10-3-1707. Approval of plan of division - articles of**  
4 **incorporation and bylaws.** (1) A DIVIDING INSURER SHALL NOT FILE A  
5 PLAN OF DIVISION WITH THE COMMISSIONER UNTIL THE PLAN OF DIVISION  
6 HAS BEEN APPROVED IN ACCORDANCE WITH ALL PROVISIONS OF THE  
7 DIVIDING INSURER'S ARTICLES OF INCORPORATION AND BYLAWS. IF THE  
8 DIVIDING INSURER'S ARTICLES OF INCORPORATION AND BYLAWS DO NOT  
9 PROVIDE FOR APPROVAL OF A PLAN OF DIVISION, THE DIVIDING INSURER  
10 SHALL NOT FILE THE PLAN OF DIVISION WITH THE COMMISSIONER UNLESS  
11 THE PLAN OF DIVISION HAS BEEN APPROVED IN ACCORDANCE WITH ALL  
12 PROVISIONS OF THE DIVIDING INSURER'S ARTICLES OF INCORPORATION AND  
13 BYLAWS THAT PROVIDE FOR APPROVAL OF A MERGER.

14 (2) IF A PROVISION OF A DIVIDING INSURER'S ARTICLES OF  
15 INCORPORATION OR BYLAWS ADOPTED BEFORE THE EFFECTIVE DATE OF  
16 THIS PART 17 REQUIRES THAT A SPECIFIC NUMBER OF OR PERCENTAGE OF  
17 THE BOARD OF DIRECTORS OR SHAREHOLDERS PROPOSE OR ADOPT A PLAN  
18 OF MERGER OR IMPOSE OTHER PROCEDURES FOR THE PROPOSAL OR  
19 ADOPTION OF A PLAN OF MERGER, THE DIVIDING INSURER SHALL ADHERE  
20 TO THE PROVISION IN PROPOSING OR ADOPTING A PLAN OF DIVISION. IF ANY  
21 SUCH PROVISION OF THE ARTICLES OF INCORPORATION OR BYLAWS IS  
22 AMENDED ON OR AFTER THE EFFECTIVE DATE OF THIS PART 17, THE  
23 PROVISION APPLIES TO A DIVISION THEREAFTER ONLY IN ACCORDANCE  
24 WITH ITS EXPRESS TERMS.

25 **10-3-1708. Commissioner approval of plan of division.**  
26 (1) AFTER A DIVIDING INSURER APPROVES A PLAN OF DIVISION PURSUANT  
27 TO SECTION 10-3-1707, THE DIVIDING INSURER SHALL FILE THE PLAN OF

1 DIVISION WITH THE COMMISSIONER. WITHIN TEN BUSINESS DAYS AFTER  
2 FILING THE PLAN OF DIVISION WITH THE COMMISSIONER, THE DIVIDING  
3 INSURER SHALL PROVIDE NOTICE OF THE FILING TO EACH REINSURER THAT  
4 IS A PARTY TO A REINSURANCE CONTRACT ALLOCATED IN THE PLAN OF  
5 DIVISION.

6 (2) (a) A DIVISION DOES NOT BECOME EFFECTIVE UNTIL IT IS  
7 APPROVED BY THE COMMISSIONER IN ACCORDANCE WITH THIS SECTION.

8 (b) BEFORE APPROVING A PLAN OF DIVISION, THE COMMISSIONER  
9 SHALL:

10 (I) HOLD A PUBLIC HEARING IN ACCORDANCE WITH SECTION  
11 24-4-105, EXCEPT TO THE EXTENT THAT THE PROCEDURES CONTAINED  
12 THEREIN CONFLICT WITH THE PROCEDURES SET FORTH IN THIS PART 17;

13 (II) PROVIDE NOTICE OF THE PUBLIC HEARING REQUIRED PURSUANT  
14 TO SUBSECTION (2)(b)(I) OF THIS SECTION TO STATE INSURANCE  
15 REGULATORS AND APPROPRIATE STATE GUARANTY ASSOCIATIONS IN  
16 STATES IN WHICH THE DIVIDING INSURER IS AUTHORIZED TO DO BUSINESS;  
17 AND

18 (III) BE SATISFIED THAT THE DIVIDING INSURER HAS MADE  
19 REASONABLE EFFORTS TO PROVIDE TO ALL POLICYHOLDERS, CONTRACT  
20 HOLDERS, REINSURERS, AND OTHER PERSONS WITH AN INTEREST IN THE  
21 PROPOSED PLAN OF DIVISION AT LEAST THIRTY DAYS PRIOR NOTICE OF THE  
22 PUBLIC HEARING IF THE COMMISSIONER DETERMINES THAT IT WOULD BE  
23 UNREASONABLE OR UNFAIR TO NOT PROVIDE SUCH NOTICE TO SUCH OTHER  
24 PERSONS. FOR THE PURPOSES OF THIS SUBSECTION (2)(b)(III), A NOTICE  
25 MUST:

26 (A) PROVIDE INFORMATION REGARDING THE PROPOSED DIVISION  
27 UNDER CONSIDERATION AND THE LOCATION, DATE, AND TIME OF THE

1 PUBLIC HEARING; AND

2 (B) IF THE DIVIDING INSURER HAS THE LAST-KNOWN ADDRESS OR  
3 LAST-KNOWN E-MAIL ADDRESS OF THE POLICYHOLDER, CONTRACT  
4 HOLDER, REINSURER, OR OTHER PERSON ON FILE, EITHER BE MAILED TO  
5 THE LAST-KNOWN ADDRESS OF SUCH PERSON OR SENT VIA ELECTRONIC  
6 MEANS TO THE LAST-KNOWN E-MAIL ADDRESS OF SUCH PERSON.

7 (c) THE COMMISSIONER SHALL:

8 (I) CONSIDER ANY SIMULTANEOUS MERGER OR ACQUISITION OF A  
9 RESULTING INSURER AS PART OF THE PLAN OF DIVISION;

10 (II) IN THE CASE OF A SIMULTANEOUS MERGER, APPLY TO THE  
11 RESULTING INSURER INVOLVED IN THE SIMULTANEOUS MERGER THE  
12 REQUIREMENTS OF THIS PART 17 THAT ARE APPLICABLE TO THE RESULTING  
13 INSURER AS MERGED INTO THE SURVIVING ENTITY IN THE MERGER AND  
14 NOT TO THE RESULTING INSURER PRIOR TO THE MERGER;

15 (III) CONSIDER, AMONG OTHER THINGS, ALL ASSETS, LIABILITIES,  
16 AND CASH FLOWS, THE NATURE AND COMPOSITION OF THE ASSETS  
17 PROPOSED TO BE TRANSFERRED IN SUPPORT OF THE PLAN OF DIVISION, AND  
18 ALL PROPOSED ASSETS OF THE RESULTING INSURERS, WHICH  
19 CONSIDERATION MUST INCLUDE AN ASSESSMENT OF THE RISKS AND  
20 QUALITY, INCLUDING THE LIQUIDITY AND MARKETABILITY, OF THE  
21 PROPOSED PORTFOLIO OF THE RESULTING INSURER; CONSIDERATION OF  
22 ASSET AND LIABILITY MATCHING; AND THE TREATMENT OF THE MATERIAL  
23 ELEMENTS OF THE PORTFOLIO BASED ON STATUTORY ACCOUNTING  
24 PRACTICES.

25 (d) AFTER MAKING THE CONSIDERATIONS DESCRIBED IN  
26 SUBSECTION (2)(c) OF THIS SECTION, THE COMMISSIONER SHALL APPROVE  
27 A PLAN OF DIVISION IF THE COMMISSIONER FINDS THAT THE FOLLOWING

1     REQUIREMENTS ARE MET:

2           (I) THE FINANCIAL CONDITION OF A DIVIDING INSURER, A  
3     RESULTING INSURER, OR AN ACQUIRING PARTY OF A RESULTING INSURER,  
4     IF ANY, WILL NOT JEOPARDIZE THE FINANCIAL STABILITY OF THE DIVIDING  
5     INSURER OR PREJUDICE THE INTERESTS OF ITS POLICYHOLDERS, CONTRACT  
6     HOLDERS, OR REINSURERS, IN EACH CASE, IN A MANNER THAT IS UNFAIR TO  
7     ITS POLICYHOLDERS, CONTRACT HOLDERS, OR REINSURERS;

8           (II) THE TERMS OF THE PLAN OF DIVISION ARE FAIR AND  
9     REASONABLE TO THE DIVIDING INSURER'S AND ANY RESULTING INSURER'S  
10    POLICYHOLDERS, CONTRACT HOLDERS, OR REINSURERS;

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

22          (IV) THE COMPETENCE, EXPERIENCE, AND INTEGRITY OF THE  
23    PERSONS WHO WOULD CONTROL THE OPERATION OF A DIVIDING INSURER,  
24    IF IT SURVIVES THE DIVISION, AND ANY RESULTING INSURER ARE SUCH  
25    THAT IT WOULD BE CONSISTENT WITH THE INTEREST OF THE DIVIDING  
26    INSURER'S AND ANY RESULTING INSURERS' POLICYHOLDERS, CONTRACT  
27    HOLDERS, OR REINSURERS AND THE GENERAL PUBLIC TO PERMIT THE

1 DIVISION;

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

4 (VI) THE INTEREST OF THE POLICYHOLDERS OF THE DIVIDING  
5 INSURER THAT MAY BECOME POLICYHOLDERS OF A RESULTING INSURER  
6 WILL BE ADEQUATELY PROTECTED BY THE RESULTING INSURER OR  
7 ACQUIRING PARTY OF A RESULTING INSURER, IF ANY;

8 (VII) THE DIVIDING INSURER, IF IT SURVIVES THE DIVISION, AND  
9 THE RESULTING INSURERS WILL BE SOLVENT UPON THE CONSUMMATION OF  
10 THE DIVISION; ■

11 (VIII) THE ASSETS ALLOCATED TO THE DIVIDING INSURER, IF IT  
12 SURVIVES THE DIVISION, AND TO RESULTING INSURERS WILL NOT, UPON  
13 THE CONSUMMATION OF THE DIVISION, BE UNREASONABLY SMALL IN  
14 RELATION TO THE BUSINESS AND TRANSACTIONS IN WHICH THE INSURERS  
15 WERE ENGAGED OR ARE ABOUT TO ENGAGE;

16 (IX) THE PROPOSED DIVISION IS NOT BEING MADE FOR THE  
17 PURPOSE OF HINDERING, DELAYING, OR DEFRAUDING ANY POLICYHOLDERS,  
18 CONTRACT HOLDERS, OR REINSURERS;

19 (X) EACH RESULTING INSURER THAT WILL BE A MEMBER INSURER  
20 UNDER THE "LIFE AND HEALTH INSURANCE PROTECTION ASSOCIATION  
21 ACT", ARTICLE 20 OF THIS TITLE 10, WILL BE LICENSED IN EACH LINE OF  
22 BUSINESS IN EACH STATE WHERE THE DIVIDING INSURER WAS LICENSED  
23 WITH RESPECT TO THE INSURANCE POLICIES OR ANNUITY CONTRACTS  
24 ISSUED BY THE DIVIDING INSURER THAT ARE ALLOCATED TO THAT  
25 RESULTING INSURER AS PART OF THE PLAN OF DIVISION; EXCEPT THAT, THE  
26 RESULTING INSURER NEED NOT BE LICENSED WITH RESPECT TO ANY LINE  
27 OF BUSINESS IN ANY STATE WHERE, AT THE TIME OF DIVISION:

1 (A) THE DIVIDING INSURER IS NOT LICENSED WITH RESPECT TO THE  
2 LINE OF BUSINESS; OR

3 (B) THE STATE DOES NOT PROVIDE GUARANTY ASSOCIATION  
4 COVERAGE OR SIMILAR COVERAGE WITH RESPECT TO THE ALLOCATED  
5 POLICIES OR CONTRACTS; AND

6 (XI) IF THE PLAN OF DIVISION ALLOCATES POLICIES OF LONG-TERM  
7 CARE INSURANCE, AS DEFINED IN SECTION 10-19-103 (5), THE LIABILITIES  
8 ASSOCIATED WITH THE ALLOCATED POLICIES DO NOT CONSTITUTE MORE  
9 THAN A DE MINIMUS AMOUNT OF THE INSURANCE LIABILITIES ALLOCATED  
10 TO THE DIVIDING INSURER, IF IT SURVIVES THE DIVISION, OR TO ANY  
11 RESULTING INSURER.

12 (e) A DIVIDING INSURER THAT FILES A PLAN OF DIVISION SHALL PAY  
13 ALL EXPENSES INCURRED BY THE COMMISSIONER IN CONNECTION WITH  
14 PROCEEDINGS UNDER THIS SECTION, INCLUDING EXPENSES FOR  
15 ATTORNEYS, ACTUARIES, ACCOUNTANTS, AND OTHER EXPERTS NOT  
16 OTHERWISE A PART OF THE COMMISSIONER'S STAFF AS MAY BE  
17 REASONABLY NECESSARY TO ASSIST THE COMMISSIONER IN REVIEWING  
18 THE PROPOSED PLAN OF DIVISION. A DIVIDING INSURER MAY ALLOCATE  
19 THE EXPENSES IN THE PLAN OF DIVISION IN THE SAME MANNER AS ANY  
20 OTHER LIABILITY.

21 (f) THE COMMISSIONER SHALL SELECT AND RETAIN AN  
22 INDEPENDENT EXPERT WHO SHALL REVIEW THE PLAN OF DIVISION AND  
23 ISSUE A REPORT TO THE COMMISSIONER, WHICH REPORT ADDRESSES THE  
24 FOLLOWING:

- 25 (I) THE BUSINESS PURPOSES OF THE PROPOSED DIVISION;
- 26 (II) CAPITAL ADEQUACY AND RISK-BASED CAPITAL, INCLUDING  
27 CONSIDERATION OF THE EFFECTS OF ASSET QUALITY, NONADMITTED

- 1 ASSETS, AND ACTUARIAL STRESSES TO RESERVE ASSUMPTIONS;
- 2 (III) CASH FLOW AND RESERVE ADEQUACY TESTING, INCLUDING
- 3 CONSIDERATION OF THE EFFECTS OF DIVERSIFICATION ON POLICY
- 4 LIABILITIES;
- 5 (IV) BUSINESS PLANS;
- 6 (V) THE IMPACT, IF ANY, OF CONCENTRATION OF LINES OF
- 7 BUSINESS FOLLOWING THE PROPOSED DIVISION; AND
- 8 (VI) MANAGEMENT'S COMPETENCE, EXPERIENCE, AND INTEGRITY.

9 (g) IF THE COMMISSIONER APPROVES A PLAN OF DIVISION, THE  
10 COMMISSIONER SHALL ISSUE:

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

13 (II) A CERTIFICATE OF AUTHORITY AUTHORIZING THE RESULTING  
14 INSURERS TO TRANSACT THE BUSINESS OF INSURANCE IN THIS STATE;  
15 EXCEPT THAT THE COMMISSIONER MAY WAIVE THIS REQUIREMENT IF A  
16 RESULTING INSURER WILL NOT SURVIVE A MERGER SIMULTANEOUS WITH  
17 THE DIVISION IN ACCORDANCE WITH THE PLAN OF DIVISION.

18 (h) THE CONDITIONS IN THIS SECTION FOR FREEING ONE OR MORE  
19 OF THE RESULTING INSURERS FROM THE LIABILITIES OF THE DIVIDING  
20 INSURER AND FOR ALLOCATING SOME OR ALL OF THE LIABILITIES OF THE  
21 DIVIDING INSURER ARE DEEMED TO HAVE BEEN SATISFIED IF THE  
22 COMMISSIONER APPROVES THE PLAN OF DIVISION IN A FINAL ORDER.

23 **10-3-1709. Confidentiality - records.** (1) ALL INFORMATION,  
24 DOCUMENTS, MATERIALS, AND COPIES OF DOCUMENTS AND MATERIALS  
25 SUBMITTED TO, OBTAINED BY, OR DISCLOSED TO THE COMMISSIONER IN  
26 CONNECTION WITH A PLAN OF DIVISION OR IN CONTEMPLATION OF A PLAN  
27 OF DIVISION, INCLUDING ANY INFORMATION, DOCUMENTS, MATERIALS, OR

1 COPIES PROVIDED BY OR ON BEHALF OF A DOMESTIC STOCK INSURER IN  
2 ADVANCE OF ITS ADOPTION OR SUBMISSION OF A PLAN OF DIVISION, ARE  
3 CONFIDENTIAL AND SUBJECT TO THE SAME PROTECTION AND TREATMENT  
4 DESCRIBED IN SECTION 10-3-808 FOR INFORMATION AND DOCUMENTS  
5 DISCLOSED TO OR OBTAINED BY THE COMMISSIONER IN THE COURSE OF AN  
6 EXAMINATION OR INVESTIGATION MADE UNDER SECTION 10-3-806, UNTIL  
7 THE TIME, IF ANY, THAT A NOTICE OF THE HEARING CONTEMPLATED BY  
8 SECTION 10-3-1708 IS ISSUED.

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

1 ARTICLE 72 OF TITLE 24.

2 **10-3-1710. Certificate of division.** (1) IF THE COMMISSIONER  
3 APPROVES A DIVIDING INSURER'S PLAN OF DIVISION PURSUANT TO SECTION  
4 10-3-1708, AN OFFICER OR DULY AUTHORIZED REPRESENTATIVE OF THE  
5 DIVIDING INSURER SHALL SIGN A CERTIFICATE OF DIVISION THAT SETS  
6 FORTH ALL OF THE FOLLOWING:

7 (a) THE NAME OF THE DIVIDING INSURER;

8 (b) A STATEMENT DISCLOSING WHETHER THE DIVIDING INSURER  
9 SURVIVED THE DIVISION. IF THE DIVIDING INSURER SURVIVED THE  
10 DIVISION, THE CERTIFICATE OF DIVISION MUST INCLUDE ANY AMENDMENTS  
11 TO THE DIVIDING INSURER'S ARTICLES OF INCORPORATION OR BYLAWS AS  
12 APPROVED AS PART OF THE PLAN OF DIVISION.

13 (c) THE NAME OF EACH RESULTING INSURER THAT IS CREATED BY  
14 THE DIVISION;

15 (d) THE DATE ON WHICH THE DIVISION IS EFFECTIVE;

16 (e) A STATEMENT THAT THE DIVISION WAS APPROVED BY THE  
17 COMMISSIONER PURSUANT TO SECTION 10-3-1708;

18 (f) A STATEMENT THAT THE DIVIDING INSURER PROVIDED  
19 REASONABLE NOTICE TO EACH REINSURER THAT IS A PARTY TO A  
20 REINSURANCE CONTRACT ALLOCATED IN THE PLAN OF DIVISION;

21 (g) ARTICLES OF INCORPORATION AND BYLAWS FOR EACH  
22 RESULTING INSURER CREATED BY THE DIVISION. THE ARTICLES OF  
23 INCORPORATION AND BYLAWS OF EACH RESULTING INSURER MUST COMPLY  
24 WITH THE APPLICABLE REQUIREMENTS OF THE LAWS OF THIS STATE. THE  
25 ARTICLES OF INCORPORATION AND BYLAWS MAY STATE THE NAME OR  
26 ADDRESS OF AN INCORPORATOR, MAY BE SIGNED, AND MAY INCLUDE ANY  
27 PROVISION THAT IS NOT REQUIRED IN A RESTATEMENT OF THE ARTICLES OF

1 INCORPORATION OR BYLAWS.

2 (h) A REASONABLE DESCRIPTION OF THE CAPITAL, SURPLUS, OR  
3 OTHER ASSETS AND LIABILITIES, INCLUDING POLICY LIABILITIES, OF THE  
4 DIVIDING INSURER THAT ARE TO BE ALLOCATED TO EACH RESULTING  
5 INSURER.

6 (2) A DIVIDING INSURER'S CERTIFICATE OF DIVISION IS EFFECTIVE  
7 ON THE DATE THE DIVIDING INSURER FILES THE CERTIFICATE WITH THE  
8 SECRETARY OF STATE AND PROVIDES A CONCURRENT COPY TO THE  
9 COMMISSIONER, OR ON ANOTHER DATE AS SPECIFIED IN THE PLAN OF  
10 DIVISION, WHICHEVER IS LATER. HOWEVER, THE CERTIFICATE OF DIVISION  
11 BECOMES EFFECTIVE NOT LATER THAN NINETY CALENDAR DAYS AFTER IT  
12 IS FILED WITH THE SECRETARY OF STATE. A DIVISION IS EFFECTIVE WHEN  
13 THE RELEVANT CERTIFICATE OF DIVISION IS EFFECTIVE.

14 **10-3-1711. After division is effective.** (1) (a) ON THE EFFECTIVE  
15 DATE OF A DIVISION PURSUANT TO SECTION 10-3-1710, IF THE DIVIDING  
16 INSURER SURVIVES, ALL OF THE FOLLOWING APPLY:

17 (I) THE DIVIDING INSURER CONTINUES TO EXIST;

18 (II) THE DIVIDING INSURER MUST AMEND ITS ARTICLES OF  
19 INCORPORATION IF THE AMENDMENTS ARE PROVIDED FOR IN THE PLAN OF  
20 DIVISION; AND

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

23 (b) ON THE EFFECTIVE DATE OF A DIVISION PURSUANT TO SECTION  
24 10-3-1710, IF THE DIVIDING INSURER DOES NOT SURVIVE, THE DIVIDING  
25 INSURER CEASES TO EXIST AND ANY RESULTING INSURER CREATED BY THE  
26 PLAN OF DIVISION COMES INTO EXISTENCE.

27 (c) EACH RESULTING INSURER HOLDS ANY CAPITAL, SURPLUS, AND

1 OTHER ASSETS ALLOCATED TO THE RESULTING INSURER BY THE PLAN OF  
2 DIVISION AS A SUCCESSOR TO THE DIVIDING INSURER BY OPERATION OF  
3 LAW, AND NOT BY TRANSFER, WHETHER DIRECTLY OR INDIRECTLY. THE  
4 ARTICLES OF INCORPORATION AND BYLAWS, IF ANY, OF EACH RESULTING  
5 INSURER ARE EFFECTIVE WHEN THE RESULTING INSURER COMES INTO  
6 EXISTENCE.

7 (d) ALL CAPITAL, SURPLUS, AND OTHER ASSETS OF THE DIVIDING  
8 INSURER:

9 (I) THAT ARE ALLOCATED BY THE PLAN OF DIVISION VEST IN THE  
10 APPLICABLE RESULTING INSURER AS PROVIDED IN THE PLAN OF DIVISION  
11 OR REMAIN VESTED IN THE DIVIDING INSURER AS PROVIDED IN THE PLAN  
12 OF DIVISION;

13 (II) THAT ARE NOT ALLOCATED BY THE PLAN OF DIVISION REMAIN  
14 VESTED IN THE DIVIDING INSURER IF THE DIVIDING INSURER SURVIVES THE  
15 DIVISION AND ARE ALLOCATED TO, AND VEST PRO RATA IN, THE RESULTING  
16 INSURERS INDIVIDUALLY IF THE DIVIDING INSURER DOES NOT SURVIVE THE  
17 DIVISION; AND

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

20 (e) A RESULTING INSURER TO WHICH A CAUSE OF ACTION IS  
21 ALLOCATED MAY BE SUBSTITUTED OR ADDED IN ANY PENDING ACTION OR  
22 PROCEEDING TO WHICH THE DIVIDING INSURER IS A PARTY WHEN THE  
23 DIVISION BECOMES EFFECTIVE.

24 (f) ALL LIABILITIES, INCLUDING POLICY LIABILITIES, OF A DIVIDING  
25 INSURER ARE ALLOCATED BETWEEN OR AMONG ANY RESULTING INSURERS  
26 AS PROVIDED IN SECTION 10-3-1710, AND EACH RESULTING INSURER TO  
27 WHICH LIABILITIES ARE ALLOCATED IS LIABLE ONLY FOR THOSE

1 LIABILITIES, INCLUDING POLICY LIABILITIES, ALLOCATED AS A SUCCESSOR  
2 TO THE DIVIDING INSURER BY OPERATION OF LAW, AND NOT BY TRANSFER  
3 OR ASSUMPTION, WHETHER DIRECTLY OR INDIRECTLY.

4 (g) ANY SHARES IN THE DIVIDING INSURER THAT ARE TO BE  
5 CONVERTED OR CANCELED IN THE DIVISION ARE CONVERTED OR  
6 CANCELED, AND THE SHAREHOLDERS OF THOSE SHARES ARE ENTITLED  
7 ONLY TO THE RIGHTS PROVIDED TO THE SHAREHOLDERS UNDER THE PLAN  
8 OF DIVISION AND ANY APPRAISAL RIGHTS THAT THE SHAREHOLDERS MAY  
9 HAVE PURSUANT TO SECTION 10-3-1713.

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

15 (3) THE ALLOCATION TO A RESULTING INSURER OF CAPITAL,  
16 SURPLUS, OR OTHER ASSET THAT IS COLLATERAL COVERED BY AN  
17 EFFECTIVE FINANCING STATEMENT IS NOT EFFECTIVE UNTIL A NEW  
18 EFFECTIVE FINANCING STATEMENT NAMING THE RESULTING INSURER AS A  
19 DEBTOR IS EFFECTIVE UNDER THE "UNIFORM COMMERCIAL CODE", TITLE  
20 4.

21 (4) UNLESS OTHERWISE PROVIDED IN THE PLAN OF DIVISION, THE  
22 SHARES IN, AND ANY SECURITIES OF, EACH RESULTING INSURER ARE  
23 DISTRIBUTED TO THE DIVIDING INSURER, IF IT SURVIVES THE DIVISION, OR  
24 ARE DISTRIBUTED PRO RATA TO THE SHAREHOLDERS OF THE DIVIDING  
25 INSURER THAT DO NOT ASSERT ANY APPRAISAL RIGHTS PURSUANT TO  
26 SECTION 10-3-1713.

27 (5) A DIVISION THAT BECOMES EFFECTIVE PURSUANT TO THIS PART

1 17 IS NOT AN ASSIGNMENT OF ANY INSURANCE POLICY, ANNUITY,  
2 REINSURANCE AGREEMENT, OR OTHER TYPE OF CONTRACT.

3 **10-3-1712. Resulting insurers' liability for allocated assets and**

4 **debts.** (1) EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION, WHEN A  
5 DIVISION BECOMES EFFECTIVE, BY OPERATION OF LAW ALL OF THE  
6 FOLLOWING APPLY:

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

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

11 (II) OF THE DIVIDING INSURER THAT ARE ALLOCATED TO OR  
12 REMAIN THE LIABILITY OF THE RESULTING INSURER TO THE EXTENT  
13 SPECIFIED IN THE PLAN OF DIVISION;

14 (b) THE DIVIDING INSURER REMAINS RESPONSIBLE FOR THE  
15 LIABILITIES, INCLUDING POLICY LIABILITIES, OF THE DIVIDING INSURER  
16 THAT ARE NOT ALLOCATED BY THE PLAN OF DIVISION IF THE DIVIDING  
17 INSURER SURVIVES THE DIVISION; AND

18 (c) A RESULTING INSURER IS LIABLE PRO RATA INDIVIDUALLY FOR  
19 THE LIABILITIES, INCLUDING POLICY LIABILITIES, OF THE DIVIDING INSURER  
20 THAT ARE NOT ALLOCATED BY THE PLAN OF DIVISION IF THE DIVIDING  
21 INSURER DOES NOT SURVIVE THE DIVISION.

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

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

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

4 (3) IF A PROVISION OF ANY EVIDENCE OF INDEBTEDNESS, WHETHER  
5 SECURED OR UNSECURED, OR A PROVISION OF ANY CONTRACT OTHER THAN  
6 AN INSURANCE POLICY, ANNUITY, OR REINSURANCE AGREEMENT THAT  
7 WAS ISSUED, INCURRED, OR EXECUTED BY THE DIVIDING INSURER BEFORE  
8 THE EFFECTIVE DATE OF THIS PART 17, REQUIRES THE CONSENT OF THE  
9 OBLIGEE TO A MERGER OF THE DIVIDING INSURER, OR TREATS SUCH A  
10 MERGER AS A DEFAULT, THE PROVISION APPLIES TO A DIVISION OF THE  
11 DIVIDING INSURER AS IF THE DIVISION WERE A MERGER.

12 (4) IF A DIVISION BREACHES A CONTRACTUAL OBLIGATION OF THE  
13 DIVIDING INSURER, ALL RESULTING INSURERS ARE JOINTLY AND  
14 SEVERALLY LIABLE FOR THE BREACH. THE VALIDITY AND EFFECTIVENESS  
15 OF THE DIVISION IS NOT AFFECTED BY THE BREACH.

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

21 (6) LIENS, SECURITY INTERESTS, AND OTHER CHARGES ON THE  
22 CAPITAL, SURPLUS, OR OTHER ASSETS OF THE DIVIDING INSURER ARE NOT  
23 IMPAIRED BY THE DIVISION, NOTWITHSTANDING ANY OTHERWISE  
24 ENFORCEABLE ALLOCATION OF LIABILITIES, INCLUDING POLICY  
25 LIABILITIES, OF THE DIVIDING INSURER.

26 (7) IF THE DIVIDING INSURER IS BOUND BY A SECURITY AGREEMENT  
27 GOVERNED BY ARTICLE 5 OR 9 OF TITLE 4, OR BY THE SUBSTANTIAL

1 EQUIVALENT AS ENACTED IN ANY OTHER JURISDICTION, AND THE SECURITY  
2 AGREEMENT PROVIDES THAT THE SECURITY INTEREST ATTACHES TO  
3 AFTER-ACQUIRED COLLATERAL, A RESULTING INSURER IS BOUND BY THE  
4 SECURITY AGREEMENT.

5 (8) UNLESS OTHERWISE PROVIDED IN THE PLAN OF DIVISION AND  
6 SPECIFICALLY APPROVED BY THE COMMISSIONER, AN ALLOCATION OF A  
7 POLICY OR OTHER LIABILITY MAY NOT:

8 (a) AFFECT THE RIGHTS THAT A POLICYHOLDER OR CREDITOR HAS  
9 UNDER ANY OTHER LAW WITH RESPECT TO THE POLICY OR OTHER  
10 LIABILITY; EXCEPT THAT THE RIGHTS ARE AVAILABLE ONLY AGAINST A  
11 RESULTING INSURER RESPONSIBLE FOR THE POLICY OR LIABILITY UNDER  
12 THIS SECTION; OR

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

15 (9) A RESULTING INSURER IS LIABLE ONLY FOR THE LIABILITIES  
16 ALLOCATED TO THE RESULTING INSURER IN ACCORDANCE WITH THE PLAN  
17 OF DIVISION AND THIS SECTION AND IS NOT LIABLE FOR ANY OTHER  
18 LIABILITIES UNDER THE COMMON LAW DOCTRINE OF SUCCESSOR LIABILITY  
19 OR ANY OTHER THEORY OF LIABILITY APPLICABLE TO TRANSFEREES OR  
20 ASSIGNEES OF ASSETS.

21 **10-3-1713. Shareholder appraisal rights.** IF A DIVIDING INSURER  
22 DOES NOT SURVIVE A DIVISION, A SHAREHOLDER OF THE DIVIDING INSURER  
23 IS ENTITLED TO APPRAISAL RIGHTS AND TO OBTAIN PAYMENT OF THE FAIR  
24 VALUE OF THE SHAREHOLDER'S SHARES IN THE SAME MANNER AND TO THE  
25 EXTENT PROVIDED FOR A CORPORATION AS A PARTY TO A MERGER  
26 PURSUANT TO SECTION 7-113-102.

27 **10-3-1714. Rules.** THE COMMISSIONER MAY ADOPT RULES TO

1 ADMINISTER THIS PART 17.

2 **10-3-1715. Enforcement by commissioner.** THE COMMISSIONER  
3 MAY TAKE ANY ACTION WITHIN THE COMMISSIONER'S AUTHORITY TO  
4 ENFORCE COMPLIANCE WITH THIS PART 17.

5 **10-3-1716. Merger or consolidation effective with division.**

6 (1) TO FACILITATE THE MERGER OR CONSOLIDATION OF ANY RESULTING  
7 INSURER WITH AND INTO ANOTHER COMPANY SIMULTANEOUSLY WITH THE  
8 EFFECTIVENESS OF A DIVISION AUTHORIZED BY THIS PART 17, A DIVIDING  
9 INSURER, INCLUDING ITS OFFICERS, DIRECTORS, AND SHAREHOLDERS, MAY:

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

12 (b) EXECUTE AND DELIVER DOCUMENTS, PLANS, CERTIFICATES,  
13 AND RESOLUTIONS; AND

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

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

20 (3) ON REQUEST OF THE DIVIDING INSURER, THE COMMISSIONER  
21 MAY WAIVE THE OTHER REQUIREMENTS OF THIS SECTION WITH RESPECT TO  
22 ANY MERGER OR CONSOLIDATION INVOLVING ONLY DOMESTIC STOCK  
23 INSURERS AND MAY ISSUE THE COMMISSIONER'S FINAL APPROVAL OF THE  
24 MERGER OR CONSOLIDATION AS PART OF THE COMMISSIONER'S APPROVAL  
25 OF A PLAN OF DIVISION UNDER THIS PART 17.

26 **SECTION 2.** In Colorado Revised Statutes, 7-113-102, **amend**  
27 **as they will become effective July 1, 2020, (1)(g), (1)(h), and (2)**

1 introductory portion; and **add** (1)(i) as follows:

2 **7-113-102. Right to appraisal.** (1) A shareholder is entitled to  
3 appraisal rights and to obtain payment of the fair value of that  
4 shareholder's shares in the event of any of the following corporate  
5 actions:

6 (g) Consummation of a conversion of the corporation to nonprofit  
7 status pursuant to section 7-90-201; ~~or~~

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

11 (i) CONSUMMATION OF A DIVISION, AS DEFINED IN SECTION  
12 10-3-1701 (3), TO WHICH THE CORPORATION IS A PARTY IF THE  
13 CORPORATION DOES NOT SURVIVE THE DIVISION, SUBJECT TO THE  
14 LIMITATIONS SET FORTH IN SECTION 10-3-1713.

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

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

- 1 November 2020 and, in such case, will take effect on the date of the
- 2 official declaration of the vote thereon by the governor.