

**First Regular Session  
Seventy-third General Assembly  
STATE OF COLORADO**

**PREAMENDED**

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

LLS NO. 21-0241.01 Richard Sweetman x4333

**HOUSE BILL 21-1013**

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**HOUSE SPONSORSHIP**

**Snyder and Van Winkle,**

**SENATE SPONSORSHIP**

**Kolker,**

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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, AND, IN**  
103 **CONNECTION THEREWITH, MAKING AN APPROPRIATION.**

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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

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.

division and, for each resulting insurer, a copy of proposed articles of incorporation and proposed bylaws;

- The manner of allocating assets and liabilities, including policy liabilities, between or among all resulting insurers;
- The manner of distributing shares in the resulting insurers to the dividing insurer or the dividing insurer's shareholders;
- A reasonable description of all liabilities and all assets that the dividing insurer proposes to allocate to each resulting insurer, including the manner by which the dividing insurer proposes to allocate all reinsurance contracts;
- All terms and conditions required by the laws of this state and the articles of incorporation and bylaws of the dividing insurer; and
- All other terms and conditions required by the division.

A plan of division must include additional provisions, the nature of which depends on whether the dividing insurer will survive the division.

A dividing insurer shall file a plan of division with the commissioner of insurance (commissioner) only after the plan of division has been approved in accordance with all provisions of the dividing insurer's articles of incorporation and bylaws. The commissioner shall approve the plan of division if, after considering certain criteria, the commissioner finds that certain requirements are met. If the commissioner approves a plan of division, an officer or duly authorized representative of the dividing insurer shall sign a certificate of division that sets forth certain information concerning the division.

The bill establishes procedures for amending and abandoning plans of division.

The bill provides for the protection of confidential information, documents, and materials that are submitted to, obtained by, or disclosed to the commissioner in connection with a plan of division or in contemplation of a plan of division.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** part 17 to article  
3 of title 10 as follows:

4 **PART 17**

5 **DOMESTIC STOCK INSURER DIVISION**

6 **10-3-1701. Definitions.** AS USED IN THIS PART 17, UNLESS THE

1 CONTEXT OTHERWISE REQUIRES:

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

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

10 (3) (a) "CONTRACT HOLDER" MEANS THE OWNER OF AN ANNUITY  
11 CONTRACT.

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

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

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

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

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

26 (8) "PLAN OF DIVISION" MEANS A PLAN OF DIVISION THAT IS  
27 APPROVED BY A DIVIDING INSURER PURSUANT TO SECTION 10-3-1707.

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

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

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

9 (11) "SHAREHOLDER" MEANS:

10 (a) A PERSON IN WHOSE NAME SHARES ARE REGISTERED IN THE  
11 RECORDS OF A CORPORATION; OR

12 (b) THE BENEFICIAL OWNER OF SHARES TO THE EXTENT OF THE  
13 RIGHTS GRANTED BY A NOMINEE CERTIFICATE ON FILE WITH A  
14 CORPORATION.

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

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

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

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

1 DIVIDE;

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

5 (I) PROPOSED ARTICLES OF INCORPORATION; AND

6 (II) PROPOSED BYLAWS;

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

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

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

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

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

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

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

1 (b) IF THE DIVIDING INSURER INTENDS TO CANCEL SOME BUT NOT  
2 ALL SHARES IN THE DIVIDING INSURER, THE MANNER IN WHICH THE  
3 DIVIDING INSURER INTENDS TO CANCEL THE SHARES; AND

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

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

17 **10-3-1705. Amending plan of division.** (1) A DIVIDING INSURER  
18 MAY AMEND THE DIVIDING INSURER'S PLAN OF DIVISION IN ACCORDANCE  
19 WITH ANY PROCEDURES SET FORTH IN THE PLAN OF DIVISION OR, IF  
20 PROCEDURES ARE NOT SET FORTH IN THE PLAN OF DIVISION, IN A MANNER  
21 DETERMINED BY THE BOARD OF DIRECTORS OF THE DIVIDING INSURER. A  
22 SHAREHOLDER THAT IS ENTITLED TO VOTE ON OR CONSENT TO APPROVAL  
23 OF THE PLAN OF DIVISION IS ENTITLED TO VOTE ON OR CONSENT TO AN  
24 AMENDMENT OF THE PLAN OF DIVISION THAT WILL AFFECT:

25 (a) THE AMOUNT OR KIND OF SHARES, SECURITIES, OBLIGATIONS,  
26 RIGHTS TO ACQUIRE SHARES OR SECURITIES, CASH, PROPERTY, OR ANY  
27 COMBINATION THEREOF TO BE RECEIVED BY ANY OF THE SHAREHOLDERS

1 OF THE DIVIDING INSURER UNDER THE PLAN OF DIVISION;

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

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

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

12 (a) AFTER THE DIVIDING INSURER HAS APPROVED THE PLAN OF  
13 DIVISION WITHOUT ANY ACTION BY THE SHAREHOLDERS AND IN  
14 ACCORDANCE WITH ANY PROCEDURES SET FORTH IN THE PLAN OF  
15 DIVISION, OR IF PROCEDURES ARE NOT SET FORTH IN THE PLAN OF DIVISION,  
16 IN 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 COMMISSIONER PURSUANT TO SECTION 10-3-1710, THE  
20 DIVIDING INSURER MAY FILE A SIGNED CERTIFICATE OF ABANDONMENT  
21 WITH THE COMMISSIONER. THE CERTIFICATE OF ABANDONMENT IS  
22 EFFECTIVE ON THE DATE IT IS FILED WITH THE COMMISSIONER.

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

25 (3) IF A DIVIDING INSURER ELECTS TO ABANDON ITS PLAN OF  
26 DIVISION AFTER THE PLAN HAS BEEN FILED WITH THE COMMISSIONER BUT  
27 BEFORE IT BECOMES EFFECTIVE, THE DIVIDING INSURER SHALL NOTIFY THE

1 COMMISSIONER.

2 **10-3-1707. Approval of plan of division - articles of**  
3 **incorporation and bylaws.** (1) A DIVIDING INSURER SHALL NOT FILE A  
4 PLAN OF DIVISION WITH THE COMMISSIONER UNTIL THE PLAN OF DIVISION  
5 HAS BEEN APPROVED IN ACCORDANCE WITH ALL PROVISIONS OF THE  
6 DIVIDING INSURER'S ARTICLES OF INCORPORATION AND BYLAWS. IF THE  
7 DIVIDING INSURER'S ARTICLES OF INCORPORATION AND BYLAWS DO NOT  
8 PROVIDE FOR APPROVAL OF A PLAN OF DIVISION, THE DIVIDING INSURER  
9 SHALL NOT FILE THE PLAN OF DIVISION WITH THE COMMISSIONER UNLESS  
10 THE PLAN OF DIVISION HAS BEEN APPROVED IN ACCORDANCE WITH ALL  
11 PROVISIONS OF THE DIVIDING INSURER'S ARTICLES OF INCORPORATION AND  
12 BYLAWS THAT PROVIDE FOR APPROVAL OF A MERGER.

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

24 **10-3-1708. Commissioner approval of plan of division.**  
25 (1) AFTER A DIVIDING INSURER APPROVES A PLAN OF DIVISION PURSUANT  
26 TO SECTION 10-3-1707, THE DIVIDING INSURER SHALL FILE THE PLAN OF  
27 DIVISION WITH THE COMMISSIONER. WITHIN TEN BUSINESS DAYS AFTER



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

5 (2) A DIVISION MAY NOT BECOME EFFECTIVE UNTIL IT IS APPROVED  
6 BY THE COMMISSIONER IN ACCORDANCE WITH THIS SECTION AND A  
7 CERTIFICATE OF DIVISION IS FILED IN ACCORDANCE WITH SECTION  
8 10-3-1710.

9 (3) BEFORE APPROVING A PLAN OF DIVISION, THE COMMISSIONER  
10 SHALL:

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

15 (b) PROVIDE NOTICE OF THE PUBLIC HEARING REQUIRED PURSUANT  
16 TO SUBSECTION (3)(a) OF THIS SECTION TO STATE INSURANCE REGULATORS  
17 AND APPROPRIATE STATE GUARANTY ASSOCIATIONS IN STATES IN WHICH  
18 THE DIVIDING INSURER IS AUTHORIZED TO DO BUSINESS; AND

19 (c) CONFIRM TO THE COMMISSIONER'S SATISFACTION THAT THE  
20 DIVIDING INSURER HAS MADE REASONABLE EFFORTS TO PROVIDE TO ALL  
21 POLICYHOLDERS, CONTRACT HOLDERS, REINSURERS, AND OTHER PERSONS  
22 WITH AN INTEREST IN THE PROPOSED PLAN OF DIVISION AT LEAST THIRTY  
23 DAYS' PRIOR NOTICE OF THE PUBLIC HEARING IF THE COMMISSIONER  
24 DETERMINES THAT IT WOULD BE UNREASONABLE OR UNFAIR TO NOT  
25 PROVIDE SUCH NOTICE TO SUCH OTHER PERSONS. FOR THE PURPOSES OF  
26 THIS SUBSECTION (3)(c), A NOTICE MUST:

27 (I) PROVIDE INFORMATION REGARDING THE PROPOSED DIVISION

1 UNDER CONSIDERATION AND THE LOCATION, DATE, AND TIME OF THE  
2 PUBLIC HEARING; AND

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

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

10 (e) 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 (f) 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:

20 (I) AN ASSESSMENT OF THE RISKS AND QUALITY, INCLUDING THE  
21 LIQUIDITY AND MARKETABILITY, OF THE PROPOSED PORTFOLIO OF EACH  
22 RESULTING INSURER;

23 (II) CONSIDERATION OF ASSET AND LIABILITY MATCHING; AND

24 (III) THE TREATMENT OF THE MATERIAL ELEMENTS OF THE  
25 PORTFOLIO BASED ON STATUTORY ACCOUNTING PRACTICES.

26 (4) AFTER MAKING THE CONSIDERATIONS DESCRIBED IN  
27 SUBSECTIONS (3)(d), (3)(e), AND (3)(f) OF THIS SECTION, THE

1 COMMISSIONER SHALL APPROVE A PLAN OF DIVISION IF THE COMMISSIONER  
2 FINDS THAT THE FOLLOWING REQUIREMENTS ARE MET:

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

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

12 (c) NEITHER A DIVIDING INSURER, A RESULTING INSURER, NOR AN  
13 ACQUIRING PARTY OF A RESULTING INSURER, IF ANY, HAS PLANS OR  
14 PROPOSALS TO:

15 (I) LIQUIDATE THE DIVIDING INSURER OR ANY RESULTING INSURER;

16 (II) SELL ASSETS OF THE DIVIDING INSURER OR OF ANY RESULTING  
17 INSURER;

18 (III) CONSOLIDATE OR MERGE THE DIVIDING INSURER OR ANY  
19 RESULTING INSURER WITH A PERSON; OR

20 (IV) MAKE ANY OTHER MATERIAL CHANGE IN THE DIVIDING  
21 INSURER'S OR ANY RESULTING INSURER'S BUSINESS OR CORPORATE  
22 STRUCTURE OR MANAGEMENT THAT IS UNFAIR OR UNREASONABLE TO THE  
23 DIVIDING INSURER'S OR RESULTING INSURERS' POLICYHOLDERS, CONTRACT  
24 HOLDERS, OR REINSURERS AND NOT IN THE PUBLIC INTEREST;

25 (d) THE COMPETENCE, EXPERIENCE, AND INTEGRITY OF THE  
26 PERSONS WHO WOULD CONTROL THE OPERATION OF A DIVIDING INSURER,  
27 IF IT SURVIVES THE DIVISION, AND ANY RESULTING INSURER ARE SUCH

1 THAT PERMITTING THE DIVISION WOULD BE CONSISTENT WITH THE  
2 INTEREST OF THE DIVIDING INSURER'S AND ANY RESULTING INSURERS'  
3 POLICYHOLDERS, CONTRACT HOLDERS, AND REINSURERS, IF ANY, AND THE  
4 GENERAL PUBLIC;

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

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

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

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

19 (i) THE PROPOSED DIVISION IS NOT BEING MADE FOR THE PURPOSE  
20 OF HINDERING, DELAYING, OR DEFRAUDING ANY POLICYHOLDERS,  
21 CONTRACT HOLDERS, OR REINSURERS;

22 (j) EACH RESULTING INSURER THAT WILL BE A MEMBER INSURER  
23 UNDER THE "LIFE AND HEALTH INSURANCE PROTECTION ASSOCIATION  
24 ACT", ARTICLE 20 OF THIS TITLE 10, WILL BE LICENSED IN EACH LINE OF  
25 BUSINESS IN EACH STATE WHERE THE DIVIDING INSURER WAS LICENSED  
26 WITH RESPECT TO THE INSURANCE POLICIES OR ANNUITY CONTRACTS  
27 ISSUED BY THE DIVIDING INSURER THAT ARE ALLOCATED TO THAT

1 RESULTING INSURER AS PART OF THE PLAN OF DIVISION; EXCEPT THAT THE  
2 RESULTING INSURER NEED NOT BE LICENSED WITH RESPECT TO ANY LINE  
3 OF BUSINESS IN ANY STATE WHERE, AT THE TIME OF DIVISION:

4 (I) THE DIVIDING INSURER IS NOT LICENSED WITH RESPECT TO THAT  
5 LINE OF BUSINESS; OR

6 (II) THE STATE DOES NOT PROVIDE GUARANTY ASSOCIATION  
7 COVERAGE OR SIMILAR COVERAGE WITH RESPECT TO THE ALLOCATED  
8 POLICIES OR CONTRACTS; AND

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

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

24 (6) THE COMMISSIONER SHALL SELECT AND RETAIN AN  
25 INDEPENDENT EXPERT WHO SHALL REVIEW THE PLAN OF DIVISION AND  
26 ISSUE A REPORT TO THE COMMISSIONER, WHICH REPORT ADDRESSES THE  
27 FOLLOWING:

- 1 (a) THE BUSINESS PURPOSES OF THE PROPOSED DIVISION;
- 2 (b) CAPITAL ADEQUACY AND RISK-BASED CAPITAL, INCLUDING  
3 CONSIDERATION OF THE EFFECTS OF ASSET QUALITY, NONADMITTED  
4 ASSETS, AND ACTUARIAL STRESSES TO RESERVE ASSUMPTIONS;
- 5 (c) CASH FLOW AND RESERVE ADEQUACY TESTING, INCLUDING  
6 CONSIDERATION OF THE EFFECTS OF DIVERSIFICATION ON POLICY  
7 LIABILITIES;
- 8 (d) BUSINESS PLANS;
- 9 (e) THE IMPACT, IF ANY, OF CONCENTRATION OF LINES OF BUSINESS  
10 FOLLOWING THE PROPOSED DIVISION; AND
- 11 (f) MANAGEMENT'S COMPETENCE, EXPERIENCE, AND INTEGRITY.
- 12 (7) IF THE COMMISSIONER APPROVES A PLAN OF DIVISION, THE  
13 COMMISSIONER SHALL ISSUE:
- 14 (a) AN ORDER THAT IS ACCOMPANIED BY FINDINGS OF FACT AND  
15 CONCLUSIONS OF LAW; AND
- 16 (b) A CERTIFICATE OF AUTHORITY AUTHORIZING THE RESULTING  
17 INSURERS TO TRANSACT THE BUSINESS OF INSURANCE IN THIS STATE;  
18 EXCEPT THAT THE COMMISSIONER MAY WAIVE THIS REQUIREMENT IF A  
19 RESULTING INSURER WILL NOT SURVIVE A MERGER SIMULTANEOUS WITH  
20 THE DIVISION IN ACCORDANCE WITH THE PLAN OF DIVISION.
- 21 (8) THE CONDITIONS IN THIS SECTION FOR FREEING ONE OR MORE  
22 OF THE RESULTING INSURERS FROM THE LIABILITIES OF THE DIVIDING  
23 INSURER AND FOR ALLOCATING SOME OR ALL OF THE LIABILITIES OF THE  
24 DIVIDING INSURER ARE DEEMED TO HAVE BEEN SATISFIED IF THE  
25 COMMISSIONER APPROVES THE PLAN OF DIVISION IN A FINAL ORDER.

26 **10-3-1709. Confidentiality - records.** (1) ALL INFORMATION,  
27 DOCUMENTS, MATERIALS, AND COPIES OF DOCUMENTS AND MATERIALS

1 SUBMITTED TO, OBTAINED BY, OR DISCLOSED TO THE COMMISSIONER IN  
2 CONNECTION WITH A PLAN OF DIVISION OR IN CONTEMPLATION OF A PLAN  
3 OF DIVISION, INCLUDING ANY INFORMATION, DOCUMENTS, MATERIALS, OR  
4 COPIES PROVIDED BY OR ON BEHALF OF A DOMESTIC STOCK INSURER IN  
5 ADVANCE OF ITS ADOPTION OR SUBMISSION OF A PLAN OF DIVISION, ARE  
6 CONFIDENTIAL AND SUBJECT TO THE SAME PROTECTION AND TREATMENT  
7 DESCRIBED IN SECTION 10-3-808 FOR INFORMATION AND DOCUMENTS  
8 DISCLOSED TO OR OBTAINED BY THE COMMISSIONER IN THE COURSE OF AN  
9 EXAMINATION OR INVESTIGATION MADE UNDER SECTION 10-3-806, UNTIL  
10 THE TIME THAT A NOTICE OF THE HEARING REQUIRED BY SECTION  
11 10-3-1708 IS ISSUED.

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

1 COMMISSIONER MAY, AFTER NOTICE AND AN OPPORTUNITY TO BE HEARD,  
2 MAKE THE INFORMATION AVAILABLE FOR PUBLIC INSPECTION IN  
3 ACCORDANCE WITH THE "COLORADO OPEN RECORDS ACT", PART 2 OF  
4 ARTICLE 72 OF TITLE 24.

5 **10-3-1710. Certificate of division.** (1) IF THE COMMISSIONER  
6 APPROVES A DIVIDING INSURER'S PLAN OF DIVISION PURSUANT TO SECTION  
7 10-3-1708, AN OFFICER OR DULY AUTHORIZED REPRESENTATIVE OF THE  
8 DIVIDING INSURER SHALL SIGN A CERTIFICATE OF DIVISION THAT SETS  
9 FORTH ALL OF THE FOLLOWING:

10 (a) THE NAME OF THE DIVIDING INSURER;

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

16 (c) THE NAME OF EACH RESULTING INSURER THAT IS CREATED BY  
17 THE DIVISION;

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

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

21 (f) A STATEMENT THAT THE DIVIDING INSURER PROVIDED  
22 REASONABLE NOTICE TO EACH REINSURER THAT IS A PARTY TO A  
23 REINSURANCE CONTRACT ALLOCATED IN THE PLAN OF DIVISION, IF ANY;

24 (g) THE ARTICLES OF INCORPORATION AND BYLAWS FOR EACH  
25 RESULTING INSURER CREATED BY THE DIVISION. THE ARTICLES OF  
26 INCORPORATION AND BYLAWS OF EACH RESULTING INSURER MUST COMPLY  
27 WITH THE APPLICABLE REQUIREMENTS OF THE LAWS OF THIS STATE. THE



1 ARTICLES OF INCORPORATION AND BYLAWS MAY STATE THE NAME OR  
2 ADDRESS OF AN INCORPORATOR, MAY BE SIGNED, AND MAY INCLUDE ANY  
3 PROVISION THAT IS NOT REQUIRED IN A RESTATEMENT OF THE ARTICLES OF  
4 INCORPORATION OR BYLAWS.

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

9 (2) A DIVIDING INSURER'S CERTIFICATE OF DIVISION IS EFFECTIVE  
10 ON THE DATE THE DIVIDING INSURER FILES THE CERTIFICATE WITH THE  
11 COMMISSIONER. A DIVISION IS EFFECTIVE ON THE DATE SPECIFIED IN  
12 THE CERTIFICATE OF DIVISION FILED IN ACCORDANCE WITH THIS SECTION.

13 **10-3-1711. After division is effective.** (1) (a) ON THE EFFECTIVE  
14 DATE OF A DIVISION, IF THE DIVIDING INSURER SURVIVES, ALL OF THE  
15 FOLLOWING APPLY:

16 (I) THE DIVIDING INSURER CONTINUES TO EXIST;

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

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

22 (b) ON THE EFFECTIVE DATE OF A DIVISION, IF THE DIVIDING  
23 INSURER DOES NOT SURVIVE, THEN THE DIVIDING INSURER CEASES TO  
24 EXIST, AND ANY RESULTING INSURER CREATED BY THE PLAN OF DIVISION  
25 COMES INTO EXISTENCE.

26 (c) EACH RESULTING INSURER HOLDS ANY CAPITAL, SURPLUS, AND  
27 OTHER ASSETS ALLOCATED TO THE RESULTING INSURER BY THE PLAN OF

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

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

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

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

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

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

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

1 TO THE DIVIDING INSURER BY OPERATION OF LAW, AND NOT BY TRANSFER  
2 OR ASSUMPTION, WHETHER DIRECTLY OR INDIRECTLY.

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

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

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

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

26 (5) A DIVISION THAT BECOMES EFFECTIVE PURSUANT TO THIS PART  
27 17 IS NOT AN ASSIGNMENT OF ANY INSURANCE POLICY, ANNUITY,

1 REINSURANCE AGREEMENT, OR OTHER TYPE OF CONTRACT.

2 **10-3-1712. Resulting insurers' liability for allocated assets and**

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

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

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

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

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

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

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

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

27 (b) ANY LIABILITIES, INCLUDING POLICY LIABILITIES, OF THE

1 DIVIDING INSURER THAT ARE ALLOCATED TO OR REMAIN THE LIABILITY OF  
2 ANOTHER RESULTING INSURER UNDER THE PLAN OF DIVISION.

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

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

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

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

25 (7) IF THE DIVIDING INSURER IS BOUND BY A SECURITY AGREEMENT  
26 GOVERNED BY ARTICLE 5 OR 9 OF TITLE 4, OR BY THE SUBSTANTIAL  
27 EQUIVALENT AS ENACTED IN ANY OTHER JURISDICTION, AND THE SECURITY

1 AGREEMENT PROVIDES THAT THE SECURITY INTEREST ATTACHES TO  
2 AFTER-ACQUIRED COLLATERAL, A RESULTING INSURER IS BOUND BY THE  
3 SECURITY AGREEMENT.

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

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

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

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

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

26 **10-3-1714. Rules.** THE COMMISSIONER MAY ADOPT RULES TO  
27 ADMINISTER THIS PART 17.

1           **10-3-1715. Enforcement by commissioner.** THE COMMISSIONER  
2 MAY TAKE ANY ACTION WITHIN THE COMMISSIONER'S AUTHORITY TO  
3 ENFORCE COMPLIANCE WITH THIS PART 17.

4           **10-3-1716. Merger or consolidation effective with division.**

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

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

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

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

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

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

25           **SECTION 2.** In Colorado Revised Statutes, 7-113-102, **amend**  
26 (1)(g), (1)(h), and (2) introductory portion; and **add** (1)(i) as follows:

27           **7-113-102. Right to appraisal.** (1) A shareholder is entitled to

1 appraisal rights and to obtain payment of the fair value of that  
2 shareholder's shares in the event of any of the following corporate  
3 actions:

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

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

9 (i) CONSUMMATION OF A DIVISION, AS DEFINED IN SECTION  
10 10-3-1701 (4), TO WHICH THE CORPORATION IS A PARTY IF THE  
11 CORPORATION DOES NOT SURVIVE THE DIVISION, SUBJECT TO THE  
12 LIMITATIONS SET FORTH IN SECTION 10-3-1713.

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

17 **SECTION 3. Appropriation.** For the 2021-22 state fiscal year,  
18 \$10,729 is appropriated to the department of regulatory agencies for use  
19 by the division of insurance. This appropriation is from the division of  
20 insurance cash fund created in section 10-1-103 (3), C.R.S., and is based  
21 on an assumption that the division will require an additional 0.2 FTE. To  
22 implement this act, the division may use this appropriation for personal  
23 services.

24 **SECTION 4. Act subject to petition - effective date.** This act  
25 takes effect at 12:01 a.m. on the day following the expiration of the  
26 ninety-day period after final adjournment of the general assembly; except  
27 that, if a referendum petition is filed pursuant to section 1 (3) of article V



1 of the state constitution against this act or an item, section, or part of this  
2 act within such period, then the act, item, section, or part will not take  
3 effect unless approved by the people at the general election to be held in  
4 November 2022 and, in such case, will take effect on the date of the  
5 official declaration of the vote thereon by the governor.