

[215 Ill. Comp. Stat. § 5/131.8.]

§ 5/131.8. Merger, consolidation or acquisition of control; approval of director; exemption: Insurance Holding Company Systems

(1) After the statement required by Section 131.5 has been filed, the Director shall approve any merger, consolidation or other acquisition of control referred to in Section 131.4 unless the Director finds that:

(a) after the change of control, the domestic company referred to in Section 131.4 would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;

(b) the effect of the merger, consolidation or other acquisition of control would be substantially to lessen competition in insurance in this State or tend to create a monopoly therein. In applying the competitive standard in this paragraph:

(i) the informational requirements of subsection (3)(a) and the standards of subsection (4)(b) of Section 131.12a shall apply,

(ii) the merger or other acquisition shall not be found substantially to lessen competition in insurance in this State or tend to create a monopoly therein if the Director finds that any of the situations meeting the criteria provided by subsection (4)(c) of Section 131.12a exist, and

(iii) the Director may condition the approval of the merger or other acquisition on the removal of the basis of disapproval within a specified period of time;

(c) the financial condition of any acquiring party is such as might jeopardize the financial stability of the domestic company or jeopardize the interests of its policyholders;

(d) the plans or proposals which the acquiring party has to liquidate the domestic company, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of such company and not in the public interest; or

(e) the competence, experience and integrity of those persons who would control the operation of the domestic company are such that it would be in the best interests of policyholders of such company and of the insurance buying public to permit the merger, consolidation or other acquisition of control.

(2) The Director may hold a public hearing on any merger, consolidation or other acquisition of control referred to in Section 131.4 if the Director determines that the statement filed as required by Section 131.5 does not demonstrate compliance with the standards referred to in subsection (1), of this Section, or if he

determines that such acquisition of control is likely to be hazardous or prejudicial to the insurance buying public.

(3) The public hearing referred to in subsection (2) must be held within 60 days after the statement required by Section 131.5 is filed, and at least 20 days' notice thereof must be given by the Director to the person filing the statement and to the domestic company. Not less than 7 days' notice of such hearing must be given by the person filing the statement to such other persons as may be designated by the Director and by the company to its shareholders. The Director must make a determination within 60 days after the conclusion of the hearing. At the hearing, the person filing the statement, the domestic company, any person to whom notice of the hearing was sent, and any other person whose interests may be affected thereby has the right to present evidence, examine and cross-examine witnesses, and offer oral and written arguments and in connection therewith is entitled to conduct discovery proceedings in the same manner as is presently allowed in the Circuit Courts of this State. All discovery proceedings must be concluded not later than 3 days prior to the commencement of the public hearing.

(4) If the proposed acquisition of control will require the approval of more than one state insurance commissioner, the public hearing referred to in subsection (2) of this Section may be held on a consolidated basis upon request of the person filing the statement referred to in Section 131.5 of this Code. Such person shall file the statement referred to in Section 131.5 of this Code with the National Association of Insurance Commissioners (NAIC) within 5 days after making the request for a public hearing. A commissioner may opt out of a consolidated hearing and shall provide notice to the applicant of the opt out within 10 days after the receipt of the statement referred to in Section 131.5 of this Code. A hearing conducted on a consolidated basis shall be public and shall be held within the United States before the commissioners of the states in which the companies are domiciled. Such commissioners shall hear and receive evidence. A commissioner may attend such hearing in person or by telecommunication.

(5) In connection with a change of control of a domestic company, any determination by the Director that the person acquiring control of the company shall be required to maintain or restore the capital of the company to the level required by the laws and regulations of this State shall be made not later than 60 days after the filing of the statement required by Section 131.5 of this Code.