

[215 Ill. Comp. Stat. § 5/131.4.]

§ 5/131.4. Acquisition of control of or merger with domestic company: Insurance Holding Company Systems

(a) No person other than the issuer may make a tender for or a request or invitation for tenders of, or enter into an agreement to exchange securities for, or seek to acquire or acquire shareholders' proxies to vote or seek to acquire or acquire in the open market, or otherwise, any voting security of a domestic company or acquire policyholders' proxies of a domestic company or any entity that controls a domestic company, for consideration if, after the consummation thereof, that person would, directly or indirectly, (or by conversion or by exercise of any right to acquire) be in control of the company, and no person may enter into an agreement to merge or consolidate with or otherwise to acquire control of a domestic company, unless the offer, request, invitation, or agreement is conditioned on receiving the approval of the Director based on Section 131.8 of this Article and no such acquisition of control or a merger with a domestic company may be consummated unless the person has filed with the Director and has sent to the company a statement containing the information required by Section 131.5 and the Director has approved the transaction or granted an exemption. Prior to the acquisition, the Director may conclude that a statement need not be filed by the acquiring party if the acquiring party demonstrates to the satisfaction of the Director that:

(1) such transaction will not result in the change of control of the domestic company; or

(2) (blank);

(3) the acquisition of, or attempt to acquire control of, such other person is subject to requirements in the jurisdiction of its domicile which are substantially similar to those contained in this Section and Sections 131.5 through 131.12; or

(4) the control of the policyholders' proxies is being acquired solely by virtue of the holders official office and not as the result of any agreement or for any consideration.

The purpose of this Section is to afford to the Director the opportunity to review acquisitions in order to determine whether or not the acquisition would be adverse to the interests of the existing and future policyholders of the company.

(b) For purposes of this Section, any controlling person of a domestic company seeking to divest its controlling interest in the domestic company in any manner shall file with the Director, with a copy to the company, confidential notice of its proposed divestiture at least 30 days prior to the cessation of control. The Director shall determine those instances in which the party or parties seeking to divest or to acquire a controlling interest in a company shall be required to file for and obtain approval of the transaction. The information shall remain confidential until the conclusion of the transaction unless the Director, in his or her discretion, determines that confidential treatment shall interfere with enforcement of this Section. If the statement

referred to in subsection (a) of this Section is otherwise filed in connection with the proposed divestiture or related acquisition, this subsection (b) shall not apply.

(c) For purposes of this Section, a domestic company shall include any person controlling a domestic company unless the person, as determined by the Director, is either directly or through its affiliates primarily engaged in business other than the business of insurance. For the purposes of this Section, "person" shall not include any securities broker holding, in the usual and customary broker's function, less than 20% of the voting securities of an insurance company or of any person that controls an insurance company.