

ARTICLE X. MERGER, CONSOLIDATION OR PLANS OF EXCHANGE (215 ILCS 5/156-5/172)

Sec. 156. Merger and consolidation permitted.

Upon complying with the provisions of this article, any domestic company, except a Lloyds, is hereby authorized and empowered to merge or consolidate with any domestic company or with any foreign or alien company, except a Lloyds if the surviving company meets the requirements for authorization to engage in the insurance business in this state and, if such merger or consolidation is authorized by the laws of the state or country under which such foreign or alien company is incorporated or organized.

(Source: Laws 1967, p. 1760.)

Sec. 156.1. Acquisition by exchange of stock permitted.

Any domestic stock insurance company may adopt a plan of exchange of the outstanding stock of its stockholders for the consideration herein designated to be paid or provided by a corporation which acquires such stock, in the manner provided in this Article.

The plan of exchange may provide that the acquiring corporation, as consideration for the stock of the domestic corporation, (1) transfer shares of its stock, or (2) transfer other securities issued by it, or (3) pay cash therefore, or (4) pay or provide other consideration, or (5) pay or provide any combination of the foregoing types of consideration.

"Acquiring corporation", as used in this Article, means any stock insurance corporation incorporated under this Code or under prior laws of this State relating to the incorporation of domestic insurance corporations; any stock corporation incorporated under the "Business Corporation Act of 1983" or under prior laws of this State authorizing the establishment of business corporations; and any foreign or alien stock corporation qualified to do business in Illinois and registered by the corporation department; and any foreign or alien stock insurance company authorized to do business in Illinois.

(Source: P.A. 83-1362.)

Sec. 157. Powers of company not enlarged.

Nothing in this article contained shall be construed to authorize any company to engage in any kind of insurance business not authorized by its articles of incorporation nor to authorize any foreign or alien company to engage in any kind of insurance business in this State not covered by its certificate of authority to do business in this State.

(Source: Laws 1937, p. 696.)

Sec. 158. Resolutions for merger or consolidation or adoption of a plan of exchange.

The Board of Directors, Trustees or other governing body of each domestic company desiring to merge or consolidate or to adopt a plan of exchange shall, by resolution, approve an agreement of merger or consolidation or plan of exchange, as the case may be, setting forth:

- (a) the names of the companies proposing to merge or consolidate or to adopt a plan of exchange, and the names of the states or countries under which each of the companies is incorporated or organized;

(b) in the case of a merger, the name of the company into which they propose to merge, hereafter designated as the surviving company; in the case of a consolidation, the name of the company into which they propose to consolidate, hereafter designated as the new company, and the name of the state or country under the laws of which the new company is to be incorporated or organized;

(c) the terms and conditions of the proposed merger or consolidation or plan of exchange, and the mode of carrying the same into effect;

(d) the manner and basis of converting the shares of stock, if any, of each merging or consolidating company into shares, securities and obligations, if any are to be issued, of the surviving or new company as the case may be;

(e) in the case of a merger, a statement of any changes in the articles of incorporation of the surviving company; in the case of consolidation, all the statements with respect to the new company required to be set forth in original articles of incorporation for a similar company formed under this Code; and

(f) such other provisions with respect to the merger or consolidation or plan of exchange as are deemed necessary or advisable.

(Source: Laws 1967, p. 2406.)

Sec. 159. Vote of shareholders and policyholders.

(1) The agreement of merger or consolidation shall be submitted to a vote at a meeting of the shareholders, if any, of each domestic company and at a meeting of such policyholders of each domestic company, other than a fraternal benefit society, as are entitled to vote. The plan of exchange shall be submitted to a vote at a meeting of the shareholders of the company to be acquired. The meetings may be either annual, periodic or special. Written or printed notice shall be given not less than 20 days before each such meeting, either personally or by mail, to each shareholder of record and to each policyholder entitled to vote. If mailed, such notice is deemed to be delivered when deposited in the United States mail, with postage prepaid, addressed to the shareholder or policyholder, at his address as it appears on the records of the company. However, a domestic mutual company licensed in 2 or more States may give notice by publication in a newspaper of general circulation in the county in which the company has its principal office and in either of the two largest cities in each State in which the company shall be licensed to do business except as provided in paragraph (3). If the domestic mutual company is licensed in Illinois only, then such notice may be given by publication in a newspaper of general circulation in the 10 counties that have the largest concentration of its policyholders. Notice by publication as approved by the Director shall be published once weekly on 3 successive weeks, the last publication to be at least 20 days before such meeting and not more than 40 days before such meeting. Such notice, whether the meeting is annual, periodic or special, shall state the place, day, hour and purpose of the meeting. A copy or a summary of the agreement of merger or consolidation, or plan of exchange, as the case may be, shall be included in or enclosed with such notice. The shareholders or policyholders may vote in person or by proxy. Each shareholder entitled to vote at such meeting shall have one vote for each share of stock held by him. In the case of domestic companies other than fraternal benefit societies the affirmative vote of two-thirds of all outstanding shares, if any, and if policyholders are entitled to vote, two-thirds of the votes cast by such policyholders of each such company, as are represented at the meeting in person or by proxy, is necessary for the approval of any such agreement or plan.

(2) In the event that a domestic fraternal benefit society is a party to the agreement of merger or consolidation, the board of managers, directors or trustees of such society shall submit the agreement to the supreme legislative and governing body of such society at any regular or

special meeting thereof, provided a copy or summary of such agreement shall have been included in or enclosed with the notice of such meeting. Such notice shall be given as provided in the laws of the society for the convening of such supreme legislative and governing body in regular or special session, as the case may be. The affirmative votes of two thirds of all members of such supreme legislative and governing body is necessary for the approval of the agreement.

(3) The provisions of paragraph (1) relating to notice by publication shall not apply to a merger or consolidation between a mutual company and a stock company if the agreement provides that the stock company is the surviving company. In such case, notice either mailed or personal as provided by paragraph (1) shall be given to each shareholder of record and to each policyholder entitled to vote.

(Source: Laws 1968, p. 276.)

Sec. 160. Execution of agreement or plan of exchange by domestic company.
Upon such approval of an agreement of merger or consolidation or plan of exchange it shall be executed by any domestic company party thereto by its president or a vice-president and secretary or an assistant secretary, or the executive officers corresponding thereto.

(Source: Laws 1967, p. 2406.)

Sec. 161. Approval and execution of agreement or plan of exchange by foreign or alien company.

In the event that a foreign or alien company is a party to the agreement of merger or consolidation or plan of exchange, the agreement or plan shall be executed by the proper officers of such foreign or alien company when they are duly authorized thereto by such action on the part of the directors, shareholders, members, or policyholders of such foreign or alien company as may be required by the laws of the domiciliary state or country of such foreign or alien company.

(Source: Laws 1967, p. 2406.)

Sec. 162. Certificate of Merger or Consolidation or Plan of Exchange and Certificate of Approval.

(1) Upon the execution of an agreement of merger or consolidation or plan of exchange, there shall be delivered to the Director:

(a) two duplicate originals of the agreement or plan;

(b) affidavits of officers of each of the companies setting forth the facts necessary to show that all requirements of law with respect to notices to persons entitled to vote have been complied with;

(c) certificates of the secretaries or assistant secretaries or corresponding officers of each of the companies, in case of a merger or consolidation, or of the company to be acquired in case of a plan of exchange, certifying to the number of shares, if any, outstanding, the number of shares voted for and against such agreement or plan, and further in the case of a merger or consolidation (1) the number of policyholders represented at the meeting at which the agreement was considered, and (2) the number of votes cast by policyholders for and against such agreement or (3) in the case of a fraternal benefit society, the number of delegates of the supreme legislative or governing body, and the number of votes cast by the delegates for and against the agreement;

- (d) the certificates required by Section 171;
- (e) if the surviving or new company is a domestic company and any foreign or alien company is a party to the merger or consolidation and the laws of the state or country under which such foreign or alien company is incorporated require approval of the merger or consolidation by an official of such state or country, a certificate of approval of such official; and
- (f) in case of consolidation where the new company is a foreign or alien company, an instrument appointing the Director and his or her successor or successors in office, the attorney of such company for service of process, containing the same provisions and having the same effect as the instrument required of a foreign or alien company in order to be admitted to transact business in this State.

In addition, the Director shall be provided, in substantially the same form, the information required under Article VIII 1/2 of this Code.

- (2) In case the surviving or new company is a domestic company, if the Director finds that:
 - (a) the agreement of merger or consolidation is in accordance with the provisions of this Article and not inconsistent with the laws and the Constitutions of this State and the United States;
 - (b) the surviving or new company has complied with all applicable provisions of this Code;
 - (c) no reasonable objection exists to such merger or consolidation; and
 - (d) the standards established under Article VIII 1/2 are satisfied;

he or she shall approve the agreement. The provisions of any law with reference to age limits and medical examination shall be inoperative in so far as agreements of merger or consolidation are concerned. If the agreement of merger or consolidation be approved by the Director, he or she shall file the affidavits and certificates and one of the duplicate originals of the agreement in his or her office, endorse upon the other duplicate original his or her approval thereof, and deliver it, together with a certificate of merger or consolidation, as the case may be, to the surviving or new company. In the case of a consolidation, the Director shall also issue a certificate of authority to the new company.

- (3) In case the surviving or new company is a foreign or alien company, if the Director finds that:
 - (a) the agreement of merger or consolidation is in accordance with the provisions of this Article and not inconsistent with the laws and the Constitutions of this State and the United States;
 - (b) the agreement of merger or consolidation provides for the assumption by the new or surviving company of all the liabilities and obligations of the companies parties to the merger or consolidation and otherwise affords proper protection for creditors and policyholders and that such provisions are not inconsistent with the laws of the state or country of incorporation of such new or surviving company;
 - (c) the surviving or new company has complied with all applicable provisions of this Code;
 - (d) no reasonable objection exists to such merger or consolidation; and
 - (e) the standards established under Article VIII 1/2 are satisfied;

he or she shall approve the agreement. If the agreement be approved by the Director, he or she shall file the affidavits and certificates and one of the duplicate originals of the agreement in his or her office, endorse upon the other duplicate original his or her approval thereof, and deliver it, together with a certificate of approval of the merger or consolidation, as the case may be, to the surviving or new company.

(4) In the case of a plan of exchange, if the Director finds that the parties to the exchange have established that:

(a) the plan, if effective, will not tend adversely to affect the financial stability or management of any domestic company which is a party thereto or the general capacity or intention to continue the safe and prudent transaction of the insurance business of such domestic company or companies;

(b) the interests of the policyholders and shareholders of each domestic insurance company which is a party to the plan are protected;

(c) the competence, experience and integrity of those persons who would control the operation of the domestic company are such as to be in the best interests of the policyholders of such company to permit such exchange;

(d) the terms and conditions of the plan are fair and reasonable; and

(e) the standards established under Article VIII 1/2 are satisfied;

he or she shall approve the plan of exchange. If the plan of exchange be approved by the Director, he or she shall file the affidavits and certificates and one of the duplicate originals of the plan of exchange in his or her office, endorse upon the other duplicate original his or her approval thereof, and deliver it, together with a certificate of approval of the plan of exchange to the domestic company.

5) If the Director refuses to approve the agreement of merger or consolidation, or plan of exchange, notice of such refusal, assigning the reasons therefore, shall be given in writing by the Director to each of the companies party thereto, within 60 days from the date of the delivery of such agreements or plan to him or her, and he or she shall grant any of such companies a hearing upon request. The hearing shall be held within 30 days of the Director's receipt of request for hearing. All persons to whom it is proposed to issue securities in such agreements or exchange shall have a right to appear. Within 30 days after the close of the hearing the Director shall approve or disapprove or place conditions precedent upon his or her approval of the merger or consolidation or plan by issuing a written order stating his or her determination and the reasons therefore.

(Source: P.A. 90-381, eff. 8-14-97.)

Sec. 163. Date merger or consolidation or plan of exchange effected.

(1) If the surviving or new company is a domestic company, the merger or consolidation is effected upon the issuance of the certificate of merger or the certificate of consolidation, as the case may be.

(2) If the surviving or new company is a foreign or alien company and the Director has issued a certificate of approval of the merger or consolidation, the date upon which the merger or consolidation is effected shall be determined by the laws of the state or country of incorporation or organization of the surviving or new company. However, the merger or consolidation shall in no

event become effective in this State until a certificate of merger or consolidation, as the case may be, or other evidence that the merger or consolidation is effected is issued by the proper official of the state or country of incorporation or organization of the surviving or new company and is filed with and approved by the Director.

(3) Notice of adoption of the plan and the approval thereof by the Director shall be delivered or mailed to each shareholder of record of the domestic insurance company to be acquired who was entitled to vote thereon and an affidavit of the secretary or assistant secretary of such company or of an officer of the company's transfer agent that such notice was given shall be filed with the Director. The plan shall become effective 10 days after receipt of the affidavit by the Director. A plan of exchange may be abandoned pursuant to any provisions for abandonment contained therein at any time, provided that notice of such abandonment shall be delivered or mailed to each such stockholder and filed with the Director prior to the termination of such 10 day period.

(Source: Laws 1967, p. 2406.)

Sec. 164. Removal of property of domestic, merged or consolidated company from this State.

(1) If the surviving or new company shall be a foreign or alien company, no property of the domestic merged or consolidated company shall be removed from this State by reason of such merger or consolidation, prior to, nor shall title to such property vest in the surviving or new company until, the merger or consolidation shall become effective in this State as provided in section 163.

(2) Any director or officer of any domestic company removing or permitting the removal of any property of company from this State in violation of this section, shall be guilty of a Class A misdemeanor.

(Source: P.A. 77-2699.)

Sec. 165. Recording of certificate of merger or consolidation.

Within 15 days after such merger or consolidation has become effective, the surviving or new company shall file for record with the recorder of the county in which the principal office of any of the companies parties to the agreement is located in this State, the agreement of merger or consolidation, or copy thereof, certified by the Director, any certificate of approval issued by the Director, or copy thereof, certified by him and a certificate of merger or consolidation, as the case may be, or a copy thereof, certified by the Director, or by the official of the state or country that issued such certificate. The certificate of merger or consolidation, or a copy thereof so certified, shall also be recorded with the recorder of each other county in this State in which any of the companies parties to the agreement, shall have real property at the time of such merger or consolidation, the title to which will be transferred by the merger or consolidation.

(Source: P.A. 83-358.)

Sec. 166. Effect of merger or consolidation.

(1) If the surviving or new company is a domestic company, when such merger or consolidation has been effected.

(a) the several companies parties to the agreement of merger or consolidation shall be a single company, which, in the case of a merger, shall be that company designated in the agreement

of merger as the surviving company, and in the case of a consolidation, shall be the new company provided for in the agreement of consolidation;

(b) the separate existence of all of the companies parties to the agreement of merger or consolidation, except the surviving company in the case of a merger, shall cease;

(c) such surviving or new company shall have all of the rights, privileges, immunities and powers and shall be subject to all of the duties and liabilities granted or imposed by this Code;

(d) such surviving or new company shall thereupon and thereafter possess all the rights, privileges, immunities, powers and franchises of a public as well as of a private nature, of each of the companies so merged or consolidated; and all property, real, personal and mixed, and all debts due on whatever account, including subscriptions to shares, assessments payable from members or policyholders, and all other choses in action and all and every other interest of, or belonging to or due to, each of the companies so merged or consolidated shall be deemed to be transferred to and vested in such surviving or new company without further act or deed; and the title to any real estate, or any interest therein, under the laws of this State vested in any of such companies shall not revert or be in any way impaired by reason of such merger or consolidation;

(e) such surviving or new company shall thenceforth be responsible and liable for all the liabilities and obligations of each of the companies so merged or consolidated; any claim existing or action or proceeding pending by or against any of such companies may be prosecuted to judgment as if such merger or consolidation had not taken place, or such surviving or new company may be substituted in its place; neither the rights of creditors nor any liens upon the property of any of such companies shall be impaired by such merger or consolidation, but such liens shall be limited to the property upon which they were liens immediately prior to the time of such merger or consolidation, unless otherwise provided in the agreement of merger or consolidation; and

(f) in case of a merger, the articles of incorporation of the surviving company shall be supplanted and superseded to the extent, if any, that any provision or provisions of such articles shall be restated in the agreement of merger as provided in section 158, and such articles of incorporation, shall be deemed to be thereby and to that extent amended; in case of a consolidation, the statements set forth in the agreement of consolidation as provided in section 158 shall be deemed to be articles of incorporation of the new company formed by such consolidation.

(2) If the surviving or new company is a foreign or alien company, when such merger or consolidation has become effective in this State

(a) the effect of the merger or consolidation shall be determined by the law of the state of incorporation or organization of such company;

(b) the separate existence of all domestic companies parties to the plan of merger or consolidation shall cease;

(c) all property, real, personal, and mixed, and all debts due on whatever account including subscriptions to shares, assessments payable from members or policyholders and all other choses in action and all and every other interest of or belonging to and due to each of the companies so merged or consolidated shall be taken and deemed to be transferred to and vested in such surviving or new company without further act or deed, and the title to any real estate, or any interest therein, shall not revert or be in any way impaired by reason of such merger or consolidation.

(3) In the event of a merger or consolidation under this article, the surviving company or the consolidated company shall be considered as having the age of the oldest company which is a party to such merger or consolidation for the purpose of complying with requirements of the laws relating to age of company.

(Source: Laws 1937, p. 696.)

Sec. 167. Rights of dissenting shareholders of domestic company.

(1) If a shareholder entitled to vote of (a) a domestic company which is a party to a merger or consolidation or (b) a domestic insurance company to be acquired under a plan of exchange files with such company, prior to or at the meeting of shareholders at which the agreement of merger or consolidation or plan of exchange is submitted to a vote, a written objection to such agreement or plan, and does not vote in favor thereof, and such shareholder, within 20 days after the merger or consolidation or plan of exchange has become effective in this State makes written demand on the surviving or new company or on the domestic insurance company to be acquired under a plan of exchange for payment of the fair value of his shares as of the day prior to the date on which the vote of shareholders was taken approving the merger or consolidation or plan of exchange, such surviving or new company or domestic insurance company shall pay to such shareholder upon surrender of his certificate or certificates representing such shares, the fair value thereof. Any shareholder who makes such objection and demand shall cease to be a shareholder and shall have no rights with respect to such shares except the right to receive payment therefore. If within 30 days after the effective date, the value of such shares is agreed upon between the shareholder and the surviving or new company or the domestic insurance company to be acquired under a plan of exchange, as the case may be, and such agreement is approved in writing by the Director, payment therefore shall be made within 90 days after the effective date. If within 30 days after the effective date the surviving or new company or the domestic insurance company to be acquired under a plan of exchange, as the case may be, and the shareholders do not so agree, or any agreement as to value is not approved in writing by the Director, either such company or the shareholder may, within 90 days after the effective date, petition the circuit court of the county in which the principal office of the surviving or new company or domestic insurance company is located, to appraise the value of such shares. In the event the surviving or new company has no office in this State, then such petition may be filed in the circuit court of the county in which the principal office of the company in which such shareholder holds shares was located, immediately prior to such merger or consolidation. A copy of the petition shall be delivered or mailed by registered mail to the Director within 5 days after the filing thereof and proof of such delivery or mailing shall be filed with the court. The Director has the right to appear through the Attorney General and be heard upon all questions and issues in the proceeding. The practice, procedure and judgment in the circuit court upon such petition shall be the same, so far as practicable, as that under the eminent domain laws in this State.

(2) Payment of the appraised value of such shares shall be made within 60 days after the entry of the judgment or order finding such appraised value and the judgment shall be payable only upon and simultaneously with the surrender to the surviving or new company or the domestic insurance company to be acquired under a plan of exchange of the certificate or certificates representing such shares. The right of a dissenting shareholder to be paid the fair value of his shares as herein provided shall cease if and when the Director revokes the approval to the merger or consolidation, as provided in Section 168, or if the merger or consolidation or plan of exchange be abandoned.

(3) Every shareholder who did not vote in favor of such merger or consolidation or plan of exchange and who does not object in writing and demand payment of the value of his shares at the time and in the manner aforesaid, or does not file a petition within the time herein limited, is conclusively presumed to have assented to such merger or consolidation or plan of exchange and shall be bound by the terms thereof.

(4) All shares of dissenting shareholders so acquired by a domestic insurance company party to a plan of exchange shall be cancelled by the board of directors of such company upon the plan of exchange becoming effective or at any time thereafter, and the capital stock of the company shall be decreased in accordance with Section 33.

(Source: Laws 1937, p. 696.)

Sec. 168. Rights of dissenting policyholder of domestic company.

(1) If not less than five per centum of all the policyholders in any domestic company who were entitled to vote with respect to any merger or consolidation and who did not vote in favor of such merger or consolidation at the meeting at which the agreement of merger or consolidation was adopted by the policyholders of such company, or if not less than five per centum of the members of any domestic fraternal benefit society party to a merger or consolidation shall file, at any time within thirty days after the agreement of merger or consolidation is effected, a petition with the Director for a hearing upon such agreement of merger or consolidation, the Director shall order a hearing upon said petition, fix the time and place of such hearing, and give written notice to the companies that are parties to the merger or consolidation, at least fifteen days before the date of such hearing. Any member or policyholder so petitioning may appear before the Director at such hearing, either in person or by an attorney, and be heard with reference to said agreement. If, upon such hearing being had, the Director finds that the interests of the members or policyholders, as the case may be, of such company are not properly protected, or if he finds that any reasonable objection exists to such agreement, he shall enter an order revoking the approval already given, and the agreement of merger or consolidation shall, thereupon, become null and void.

(2) The Director shall have like power to revoke any approval of any such agreement if any officer, director or employee of any company party to such agreement shall, after reasonable notice, fail or refuse without reasonable cause to attend and testify at such hearing, or to produce any books or papers called for by said Director.

(Source: Laws 1937, p. 696.)

Sec. 169. Rights of dissenting shareholders and policyholders of foreign or alien company.

The rights of any dissenting shareholder, member or policyholder of any foreign or alien company party to a merger or consolidation, shall be those afforded to such shareholder, member, or policyholder by the laws of the domiciliary state or country of such foreign or alien company.

(Source: Laws 1937, p. 696.)

Sec. 169.1. Effect of exchange under plan of exchange.

(1) Upon a plan of exchange becoming effective, the exchange provided for therein is considered to have been consummated and each shareholder of the domestic stock insurance company acquired ceases to be a shareholder of such company. The ownership of all shares of the issued and outstanding stock of such company, except shares payment of the value of which is required to be made by such company under Section 167, vests in the acquiring corporation automatically without any physical transfer or deposit of certificates representing such shares. All shares payment of the value of which is required to be made by such company under Section 167 are considered no longer outstanding shares of such company. The

acquiring corporation thereupon becomes the sole shareholder of such domestic stock insurance company and has all the rights, privileges, immunities and powers and, except as otherwise provided herein, is subject to all of the duties and liabilities to the extent provided by law of a shareholder of an insurance company organized under the laws of this State.

(2) Certificates representing shares of the domestic insurance company to be acquired prior to the plan of exchange becoming effective, except certificates representing shares payment of the value of which is required under Section 167, shall after the plan of exchange becomes effective, represent (a) shares of the issued and outstanding capital stock or other securities issued by the acquiring corporations and (b) the right, if any, to receive cash or other consideration upon such terms as are specified in the plan of exchange. However, the plan of exchange may specify that all such certificates shall after the plan of exchange becomes effective represent only the right to receive shares of stock or other securities issued by the acquiring corporation, or cash or other consideration or any combination thereof upon such terms as are specified in the plan of exchange.

(Source: Laws 1967, p. 2406.)

Sec. 169.2. Acquiring and acquired corporations under a plan of exchange to be separate.

The domestic stock insurance company acquired under a plan of exchange and the acquiring corporation are in all respects separate and distinct corporations, with neither corporation having any liability to the creditors or policyholders, if any, or shareholders of the other, for any acts or omissions of the officers, directors or shareholders of either or both of such corporations.

(Source: Laws 1967, p. 2406.)

Sec. 170. Transfer of deposits.

(1) If the surviving or new company shall be a foreign or alien company and the laws of the state or country under which such surviving or new company is incorporated or organized shall require the maintenance with any official of such State or country of a deposit of the legal reserve on any policies, then the Director is authorized to deliver to the proper custodian of such deposits of such state or country any deposits theretofore made with the Director pertaining to policies of any of the merged or consolidated companies. If the surviving or new company shall be a domestic company into which has been merged or consolidated a foreign or alien company incorporated or organized in a state or country the laws of which require the maintenance with an official of a deposit of the legal reserve on any policies, then the Director is hereby authorized to receive from such official any deposit theretofore made with such official pertaining to the policies of any of the merged or consolidated companies.

(2) Any surviving or new company shall, within 60 days after the transfer of such deposit, notify the holder of every policy secured by such transferred deposit, that the transfer has been made. The president or vice president and secretary or assistant secretary of such company, or the executive officers corresponding thereto, shall within 30 days thereafter, file with the Director an affidavit of the fact that due notice to policyholders, as provided for herein, has been given. If a surviving or new company shall be a foreign or alien company, the Director shall require from such company, before transferring any deposit to any official of the state or country under the laws of which such foreign or alien company is incorporated or organized, a written agreement that notice of such transfer will be given to policyholders and that an affidavit with regard to such notice will be furnished to the Director as in this section provided.

(3) In the event any deposit is to be maintained in this State by reason of this section, the amount thereof from time to time for each such policy shall be at least equal to the amount which would be required in the state where such deposit was theretofore maintained under the provisions of

the law of such state in effect on the date the merger or consolidation was effected. The deposits so maintained in this State shall consist of securities of the kinds authorized for investment by Article VIII of this Code.

(Source: Laws 1959, p. 1431.)

Sec. 171. Certificates of fees and commissions paid.

Whenever agreements of merger or consolidation or plans of exchange are filed with the Director, there shall also be filed a certificate executed by the president or a vice president and attested by the secretary or an assistant secretary, or the executive officers corresponding thereto, and under the corporate seal of each of the companies party to the agreement of merger or consolidation or plan of exchange, verified by the affidavits of such officers, setting forth all fees, commissions or other compensations, or valuable considerations paid or to be paid, directly or indirectly, to any person in any manner securing, aiding, promoting or assisting in any such merger or consolidation or plan of exchange.

(Source: Laws 1967, p. 2406.)

Sec. 172. Payment of fees to officer or director prohibited.

(1) No director or officer of any company party to a merger or consolidation or plan of exchange, except as fully expressed in the agreement of merger or consolidation or plan of exchange shall receive any fee, commission, other compensation or valuable consideration whatever, directly or indirectly for in any manner aiding, promoting or assisting in such merger or consolidation or plan of exchange.

(2) Any person violating the provisions of this Section shall be guilty of a Class A misdemeanor.

(Source: P. A. 77-2699.)