



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB3243

Introduced 2/15/2018, by Sen. John G. Mulroe

SYNOPSIS AS INTRODUCED:

215 ILCS 5/Art. IIB heading new
215 ILCS 5/35B-1 new
215 ILCS 5/35B-5 new
215 ILCS 5/35B-10 new
215 ILCS 5/35B-15 new
215 ILCS 5/35B-20 new
215 ILCS 5/35B-25 new
215 ILCS 5/35B-30 new
215 ILCS 5/35B-35 new
215 ILCS 5/35B-40 new
215 ILCS 5/35B-45 new
215 ILCS 5/35B-50 new
215 ILCS 5/156

from Ch. 73, par. 768

Amends the Illinois Insurance Code. Creates the Domestic Stock Company Division Article in the Code. Provides that a domestic stock company may divide into 2 or more resulting companies pursuant to a plan of division. Contains provisions concerning the contents of the plan of division, approval of the plan of division by the Director of Insurance, effects of a division, certificates of division, liabilities, and shareholder rights. Makes conforming changes in provisions concerning mergers and consolidations.

LRB100 20781 SMS 36269 b

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Insurance Code is amended by adding
5 Article IIB and by changing Section 156 as follows:

6 (215 ILCS 5/Art. IIB heading new)

7 ARTICLE IIB. DOMESTIC STOCK COMPANY DIVISION

8 (215 ILCS 5/35B-1 new)

9 Sec. 35B-1. Short title. This Article may be cited as the
10 Domestic Stock Company Division.

11 (215 ILCS 5/35B-5 new)

12 Sec. 35B-5. Purpose. The purpose of this Article is to
13 stimulate economic development in the State of Illinois by
14 creating and sustaining employment opportunities and
15 increasing and sustaining taxable revenue, through improving
16 the competitive position of domestic stock companies,
17 maintaining the competitiveness of this State as a state of
18 domicile for domestic stock companies, and enhancing the
19 desirability of this State as a jurisdiction of domicile for
20 newly incorporating and existing foreign stock companies.

1 (215 ILCS 5/35B-10 new)

2 Sec. 35B-10. Definitions. As used in this Article:

3 "Assets" means all assets or property, whether real,
4 personal or mixed, tangible or intangible, and any right or
5 interest therein, including all rights under contracts and
6 other agreements.

7 "Capital" means the capital stock component of statutory
8 surplus, as defined in the National Association of Insurance
9 Commissioners Accounting Practices and Procedures Manual,
10 version effective January 1, 2001, and subsequent revisions.

11 "Divide" or "division" means the act by operation of law by
12 which a domestic stock company divides into 2 or more resulting
13 companies in accordance with a plan of division and this
14 Article;

15 "Dividing company" means a domestic stock company that
16 approves a plan of division pursuant to Section 35B-20;

17 "Domestic stock company" means a domestic stock company
18 transacting or being organized to transact any of the kinds of
19 insurance business enumerated in Section 4.

20 "Liability" means a liability or obligation of any kind,
21 character, or description, whether known or unknown, absolute
22 or contingent, accrued or unaccrued, disputed or undisputed,
23 liquidated or unliquidated, secured or unsecured, joint or
24 several, due or to become due, determined, determinable, or
25 otherwise.

26 "New company" means a domestic stock company that is

1 created by a division occurring on or after the effective date
2 of this amendatory Act of the 100th General Assembly.

3 "Plan of division" means a plan of division approved by a
4 dividing company in accordance Section 35B-20.

5 "Policy liability" means a liability as defined in this
6 Section arising out of or related to an insurance policy,
7 contract of insurance, or reinsurance agreement.

8 "Recorder" means the office of the recorder of the county
9 where the principal office of a domestic stock company is
10 located.

11 "Resulting company" means a domestic stock company created
12 by a division or a dividing company that survives a division.

13 "Shareholder" means the person in whose name shares are
14 registered in the records of a corporation or the beneficial
15 owner of shares to the extent of the rights granted by a
16 nominee certificate on file with a corporation.

17 "Sign" or "signature" includes a manual, facsimile, or
18 conformed or electronic signature.

19 "Surplus" means total statutory surplus less capital,
20 calculated in accordance with the National Association of
21 Insurance Commissioners Accounting Practices and Procedures
22 Manual, version effective January 1, 2001, and subsequent
23 revisions.

24 "Transfer" includes an assignment, assumption, conveyance,
25 sale, lease, encumbrance, including a mortgage or security
26 interest, gift, or transfer by operation of law.

1 (215 ILCS 5/35B-15 new)

2 Sec. 35B-15. Plan of division.

3 (a) A domestic stock company may, in accordance with the
4 requirements of this Article, divide into 2 or more resulting
5 companies pursuant to a plan of division.

6 (b) Each plan of division shall include:

7 (1) the name of the domestic stock company seeking to
8 divide;

9 (2) the name of each resulting company that will be
10 created by the proposed division;

11 (3) for each new company that will be created by the
12 proposed division, a copy of its:

13 (A) proposed articles of incorporation;

14 (B) proposed bylaws; and

15 (C) the kinds of insurance business enumerated in
16 Section 4 that the new company would be authorized to
17 conduct;

18 (4) the manner of allocating between or among the
19 resulting companies:

20 (A) the assets of the domestic stock company that
21 will not be owned by all of the resulting companies as
22 tenants in common pursuant to Section 35B-35; and

23 (B) the liabilities of the domestic stock company,
24 including policy liabilities, to which not all of the
25 resulting companies will become jointly and severally

1 liable pursuant to paragraph (3) of subsection (a) of
2 Section 35B-40;

3 (5) the manner of distributing shares in the new
4 companies to the dividing company or its shareholders;

5 (6) a reasonable description of the liabilities,
6 including policy liabilities, and items of capital,
7 surplus, or other assets, in each case, that the domestic
8 stock company proposes to allocate to each resulting
9 company, including specifying the reinsurance contract,
10 reinsurance coverage obligations, and related claims that
11 are applicable to those policies;

12 (7) all terms and conditions required by the laws of
13 this State or the articles of incorporation and bylaws of
14 the domestic stock company;

15 (8) evidence demonstrating that the interest of all
16 classes of policyholders of the dividing company will be
17 properly protected; and

18 (9) all other terms and conditions of the division.

19 Nothing in this subsection (b) shall expand or reduce the
20 allocation and assignment of reinsurance as stated in the
21 reinsurance contract.

22 (c) If the domestic stock company survives the division,
23 the plan of division shall include, in addition to the
24 information required by subsection (b):

25 (1) all proposed amendments to the dividing company's
26 articles of incorporation and bylaws, if any;

1 (2) if the dividing company desires to cancel some, but
2 less than all, shares in the dividing company, the manner
3 in which it will cancel such shares; and

4 (3) if the dividing company desires to convert some,
5 but less than all, shares in the dividing company into
6 shares, securities, obligations, money, other property,
7 rights to acquire shares or securities, or any combination
8 thereof, a statement disclosing the manner in which it will
9 convert the shares.

10 (d) If the domestic stock company does not survive the
11 proposed division, the plan of division shall contain, in
12 addition to the information required by subsection (b), the
13 manner in which the dividing company will cancel or convert
14 shares in the dividing company into shares, securities,
15 obligations, money, other property, rights to acquire shares or
16 securities, or any combination thereof.

17 (e) Terms of a plan of division may be made dependent on
18 facts objectively ascertainable outside of the plan of
19 division.

20 (f) A dividing company may amend a plan of division in
21 accordance with any procedures set forth in the plan of
22 division or, if no such procedures are set forth in the plan of
23 division, in any manner determined by the board of directors of
24 the dividing company, except that a shareholder that was
25 entitled to vote on or consent to approval of the plan of
26 division is entitled to vote on or consent to any amendment of

1 the plan of division that will change:

2 (1) the amount or kind of shares, securities,
3 obligations, money, other property, rights to acquire
4 shares or securities, or any combination thereof, to be
5 received by any of the shareholders of the dividing company
6 under the plan of division;

7 (2) the articles of incorporation or bylaws of any
8 resulting company that will be in effect when the division
9 becomes effective, except for changes that do not require
10 approval of the shareholders of the resulting company under
11 its articles of incorporation or bylaws; or

12 (3) any other terms or conditions of the plan of
13 division, if the change would adversely affect the
14 shareholders in any material respect.

15 (g) A dividing company may abandon a plan of division after
16 it has approved the plan of division without any action by the
17 shareholders and in accordance with any procedures set forth in
18 the plan of division or, if no such procedures are set forth in
19 the plan of division, in a manner determined by the board of
20 directors of the dividing company.

21 (h) A dividing company may abandon a plan of division after
22 it has filed a certificate of division with the recorder by
23 filing with the recorder, with concurrent copy to the director,
24 a certificate of abandonment signed by the dividing company.
25 The certificate of abandonment shall be effective on the date
26 it is filed with the recorder and the dividing company shall be

1 deemed to have abandoned its plan of division on such date.

2 (i) A dividing company may not abandon or amend its plan of
3 division once the division becomes effective.

4 (215 ILCS 5/35B-20 new)

5 Sec. 35B-20. Requirements of a plan of division.

6 (a) A domestic stock company shall not file a plan of
7 division with the Director unless the plan of division has been
8 approved in accordance with:

9 (1) any applicable provisions of its articles of
10 incorporation and bylaws; and

11 (2) all laws of this State governing the internal
12 affairs of a domestic stock company that provide for
13 approval of a merger.

14 (b) If any provision of the articles of incorporation or
15 bylaws of a domestic stock company requires that a specific
16 number or percentage of board of directors or shareholders
17 approve the proposal or adoption of a plan of merger, or
18 imposes other special procedures for the proposal or adoption
19 of a plan of merger, such domestic stock company shall adhere
20 to such provision in proposing or adopting a plan of division.
21 If any provision of the articles of incorporation or bylaws of
22 a domestic stock company is amended, such amendment shall
23 thereafter apply to a division only in accordance with its
24 express terms.

1 (215 ILCS 5/35B-25 new)

2 Sec. 35B-25. Plan of division approval.

3 (a) A division shall not become effective until it is
4 approved by the Director after reasonable notice and a public
5 hearing, if the notice and hearing are deemed by the Director
6 to be in the public interest. The Director shall hold a public
7 hearing if one is requested by the dividing company. A hearing
8 conducted under this Section shall be conducted in accordance
9 with Article 10 of the Illinois Administrative Procedure Act.

10 (b) The Director shall approve a plan of division unless
11 the Director finds that:

12 (1) the interest of any class of policyholder or
13 shareholder of the dividing company will not be properly
14 protected;

15 (2) each new company created by the proposed division,
16 except a new company that is a nonsurviving party to a
17 merger pursuant to subsection (b) of Section 156, would be
18 ineligible to receive a license to do insurance business in
19 this State pursuant to Section 5;

20 (3) the proposed division violates a provision of the
21 Uniform Fraudulent Transfer Act;

22 (4) the division is being made for purposes of
23 hindering, delaying, or defrauding any policyholders or
24 other creditors of the dividing company;

25 (5) one or more resulting companies will not be solvent
26 upon the consummation of the division; or

1 (6) the remaining assets of one or more resulting
2 companies will be, upon consummation of a division,
3 unreasonably small in relation to the business and
4 transactions in which the resulting company was engaged or
5 is about to engage.

6 (c) In determining whether the standards set forth in
7 paragraph (3) of subsection (b) have been satisfied, the
8 Director shall only apply the Uniform Fraudulent Transfer Act
9 to a dividing company in its capacity as a resulting company
10 and shall not apply the Uniform Fraudulent Transfer Act to any
11 dividing company that is not proposed to survive the division.

12 (d) In determining whether the standards set forth in
13 paragraphs (3), (4), (5), and (6) of subsection (b) have been
14 satisfied, the Director may consider all proposed assets of the
15 resulting company, including, without limitation, reinsurance
16 agreements, parental guarantees, support or keep well
17 agreements, or capital maintenance or contingent capital
18 agreements, in each case, regardless of whether the same would
19 qualify as an admitted asset as defined in Section 3.1.

20 (e) In determining whether the standards set forth in
21 paragraph (3) of subsection (b) have been satisfied, with
22 respect to each resulting company, the Director shall, in
23 applying the Uniform Fraudulent Transfer Act, treat:

24 (1) the resulting company as a debtor;

25 (2) liabilities allocated to the resulting company as
26 obligations incurred by a debtor;

1 (3) the resulting company as not having received
2 reasonably equivalent value in exchange for incurring the
3 obligations; and

4 (4) assets allocated to the resulting company as
5 remaining property.

6 (f) All information, documents, materials, and copies
7 thereof submitted to, obtained by, or disclosed to the Director
8 in connection with a plan of division or in contemplation
9 thereof, including any information, documents, materials, or
10 copies provided by or on behalf of a domestic stock company in
11 advance of its adoption or submission of a plan of division,
12 shall be confidential and shall be subject to the same
13 protection and treatment in accordance with Section 131.14d as
14 documents and reports disclosed to or filed with the Director
15 pursuant to Section 131.14b until such time, if any, as a
16 notice of the hearing contemplated by subsection (a) is issued.

17 (g) From and after the issuance of a notice of the hearing
18 contemplated by subsection (a), all business, financial, and
19 actuarial information that the domestic stock company requests
20 confidential treatment, other than the plan of division, shall
21 continue to be confidential and shall not be available for
22 public inspection and shall be subject to the same protection
23 and treatment in accordance with Section 131.14d as documents
24 and reports disclosed to or filed with the Director pursuant to
25 Section 131.14b.

26 (h) All expenses incurred by the Director in connection

1 with proceedings under this Section, including expenses for the
2 services of any attorneys, actuaries, accountants, and other
3 experts as may be reasonably necessary to assist the Director
4 in reviewing the proposed division, shall be paid by the
5 dividing company filing the plan of division. A dividing
6 company may allocate expenses described in this subsection in a
7 plan of division in the same manner as any other liability.

8 (i) If the Director approves a plan of division, the
9 Director shall issue an order that shall be accompanied by
10 findings of fact and conclusions of law.

11 (j) The conditions in this Section for freeing one or more
12 of the resulting companies from the liabilities of the dividing
13 company and for allocating some or all of the liabilities of
14 the dividing company shall be conclusively deemed to have been
15 satisfied if the plan of division has been approved by the
16 Director in a final order that is not subject to further
17 appeal.

18 (215 ILCS 5/35B-30 new)

19 Sec. 35B-30. Certificate of division.

20 (a) After a plan of division has been adopted and approved,
21 an officer or duly authorized representative of the dividing
22 company shall sign a certificate of division.

23 (b) The certificate of division shall set forth:

24 (1) the name of the dividing company;

25 (2) a statement disclosing whether the dividing

1 company will survive the division;

2 (3) the name of each new company that will be created
3 by the division;

4 (4) the kinds of insurance business enumerated in
5 Section 4 that the new company will be authorized to
6 conduct;

7 (5) the date that the division is to be effective,
8 which shall not be more than 90 days after the dividing
9 company has filed the certificate of division with the
10 recorder, with a concurrent copy to the Director;

11 (6) a statement that the division was approved by the
12 Director in accordance with Section 35B-25;

13 (6) a statement that the dividing company provided, no
14 later than 10 business days after the dividing company
15 filed the plan of division with the Director, reasonable
16 notice to each reinsurer that is party to a reinsurance
17 contract that is applicable to the policies included in the
18 plan of division;

19 (7) if the dividing company will survive the division,
20 an amendment to its articles of incorporation or bylaws
21 approved as part of the plan of division;

22 (8) for each new company created by the division, its
23 articles of incorporation and bylaws, provided that the
24 articles of incorporation and bylaws need not state the
25 name or address of an incorporator; and

26 (9) a reasonable description of the capital, surplus,

1 other assets and liabilities, including policy
2 liabilities, of the dividing company that are to be
3 allocated to each resulting company.

4 (c) The articles of incorporation and bylaws of each new
5 company must satisfy the requirements of the laws of this
6 State, provided that the documents need not be signed or
7 include a provision that need not be included in a restatement
8 of the document.

9 (d) A certificate of division is effective when filed with
10 the recorder, with a concurrent copy to the Director, as
11 provided in this Section or on another date specified in the
12 plan of division, whichever is later, provided that a
13 certificate of division shall become effective not more than 90
14 days after it is filed with the recorder. A division is
15 effective when the relevant certificate of division is
16 effective.

17 (215 ILCS 5/35B-35 new)

18 Sec. 35B-35. Effects of division.

19 (a) When a division becomes effective pursuant to Section
20 35B-30:

21 (1) if the dividing company has survived the division:

22 (A) it continues to exist;

23 (B) its articles of incorporation shall be
24 amended, if necessary, as provided in the plan of
25 division; and

1 (C) its bylaws shall be amended, if necessary, as
2 provided in the plan of division;

3 (2) if the dividing company has not survived the
4 division, its separate existence ceases to exist;

5 (3) each new company:

6 (A) comes into existence;

7 (B) shall hold any capital, surplus, and other
8 assets allocated to such new company by the plan of
9 division as a successor to the dividing company,
10 automatically, by operation of law and not by transfer,
11 whether directly or indirectly; and

12 (C) its articles of incorporation, if any, and
13 bylaws, if any, shall be effective;

14 (4) capital, surplus, and other assets of the dividing
15 company:

16 (A) that is allocated by the plan of division
17 either:

18 (i) vests in the applicable new company as
19 provided in the plan of division; or

20 (ii) remains vested in the dividing company as
21 provided in the plan of division;

22 (B) that is not allocated by the plan of division
23 either:

24 (i) remains vested in the dividing company, if
25 the dividing company survives the division; or

26 (ii) is allocated to and vests equally in the

1 resulting companies as tenants in common, if the
2 dividing company does not survive the division; or
3 (C) otherwise vests as provided in this subsection
4 without transfer, reversion, or impairment;

5 (5) a resulting company to which a cause of action is
6 allocated as provided in paragraph (4) of this subsection
7 (a) may be substituted or added in any pending action or
8 proceeding to which the dividing company is a party when
9 the division becomes effective;

10 (6) the liabilities, including policy liabilities, of
11 the dividing company are allocated between or among the
12 resulting companies as provided in Section 35B-40 and each
13 resulting company to which liabilities are allocated is
14 liable only for those liabilities, including policy
15 liabilities, so allocated as successors to the dividing
16 company, automatically, by operation of law, and not by
17 transfer (or, for the avoidance of doubt, assumption),
18 whether directly or indirectly; and

19 (7) the shares in the dividing company that are to be
20 converted or canceled in the division are converted or
21 canceled, and the shareholders of those shares are entitled
22 only to the rights provided to them under the plan of
23 division and any appraisal rights that they may have
24 pursuant to Section 35B-45.

25 (b) Except as provided in the articles of incorporation or
26 bylaws of the dividing company, the division does not give rise

1 to any rights that a shareholder, director of a domestic stock
2 company, or third party would have upon a dissolution,
3 liquidation, or winding up of the dividing company.

4 (c) The allocation to a new company of capital, surplus, or
5 other assets that is collateral covered by an effective
6 financing statement shall not be effective until a new
7 financing statement naming the new company as a debtor is
8 effective under the Uniform Commercial Code.

9 (d) Unless otherwise provided in the plan of division, the
10 shares in and any securities of each new company shall be
11 distributed to:

12 (1) the dividing company, if it survives the division;

13 or

14 (2) shareholders of the dividing company that do not
15 assert any appraisal rights that they may have pursuant to
16 Section 35B-45, pro rata.

17 (215 ILCS 5/35B-40 new)

18 Sec. 35B-40. Resulting company liabilities.

19 (a) Except as otherwise expressly provided in this Section,
20 when a division becomes effective, each resulting company is
21 responsible, automatically, by operation of law, for:

22 (1) individually, the liabilities, including policy
23 liabilities, that the resulting company issues,
24 undertakes, or incurs in its own name after the division;

25 (2) individually, the liabilities, including policy

1 liabilities, of the dividing company that are allocated to
2 or remain the liability of the resulting company to the
3 extent specified in the plan of division; and

4 (3) jointly and severally with the other resulting
5 companies, the liabilities, including policy liabilities,
6 of the dividing company that are not allocated by the plan
7 of division.

8 (b) Except as otherwise expressly provided in this Section,
9 when a division becomes effective, no resulting company is
10 responsible for or shall have any liability or obligation in
11 respect of:

12 (1) any liabilities, including policy liabilities,
13 that another resulting company issues, undertakes, or
14 incurs in its own name after the division; or

15 (2) any liabilities, including policy liabilities, of
16 the dividing company that are allocated to or remain the
17 liability of another resulting company in accordance with
18 the plan of division.

19 (c) If a provision of a debt security, note, or similar
20 evidence of indebtedness for money borrowed, whether secured or
21 unsecured, indenture or other contract relating to
22 indebtedness, or a provision of any other type of contract
23 other than an insurance policy, annuity, or reinsurance
24 agreement, that was issued, incurred, or executed by the
25 domestic stock company before requires the consent of the
26 obligee to a merger of the dividing company or treats the

1 merger as a default, that provision applies to a division of
2 the dividing company as if the division was a merger.

3 (d) If a division breaches a contractual obligation of the
4 dividing company at the time the division becomes effective,
5 all of the resulting companies are liable, jointly and
6 severally, for the contractual breach, but the validity and
7 effectiveness of the division, including, without limitation,
8 the allocation of liabilities in accordance with the plan of
9 division, shall not be affected by the contractual breach.

10 (e) A direct or indirect allocation of capital, surplus,
11 assets, or liabilities, including policy liabilities, in a
12 division shall occur automatically, by operation of law, and
13 shall not be treated as a distribution or transfer for any
14 purpose with respect to either the dividing company or any of
15 the resulting companies.

16 (f) Liens, security interests, and other charges on the
17 capital, surplus, or other assets of the dividing company are
18 not impaired by the division, notwithstanding any otherwise
19 enforceable allocation of liabilities, including policy
20 liabilities, of the dividing company.

21 (g) If the dividing company is bound by a security
22 agreement governed by Article 9 of the Uniform Commercial Code
23 as enacted in this State or in any other jurisdiction, and the
24 security agreement provides that the security interest
25 attaches to after-acquired collateral, each resulting company
26 is bound by the security agreement.

1 (h) An allocation of a policy or other liability does not:

2 (1) except as provided in the plan of division and
3 specifically approved by the Director, affect the rights
4 that a policyholder or creditor has under other law in
5 respect of the policy or other liability, except that those
6 rights are available only against a resulting company
7 responsible for the policy or liability under this Section;

8 or

9 (2) release or reduce the obligation of a reinsurer,
10 surety, or guarantor of the policy or liability.

11 (i) A resulting company shall only be liable for the
12 liabilities allocated to it in accordance with the plan of
13 division and this Section and shall not be liable for any other
14 liabilities under the common law doctrine of successor
15 liability or a similar theory of liability applicable to
16 transferees or assignees of property.

17 (215 ILCS 5/35B-45 new)

18 Sec. 35B-45. Shareholder rights. If the dividing company
19 does not survive the division, an objecting shareholder of a
20 dividing company is entitled to appraisal rights and to obtain
21 payment of the fair value of that shareholder's shares, in the
22 same manner and to the extent provided for pursuant to Section
23 167.

24 (215 ILCS 5/35B-50 new)

1 Sec. 35B-50. Rules. The Director may adopt such rules as
2 are necessary or appropriate to carry out this Article.

3 (215 ILCS 5/156) (from Ch. 73, par. 768)

4 Sec. 156. Merger and consolidation permitted.

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

14 (b) The Director may permit the formation of a domestic
15 stock company that is established for the sole purpose of
16 merging or consolidating with an existing stock company
17 simultaneously with the effectiveness of a division authorized
18 by this Code. Upon request of the dividing company, the
19 Director may waive the requirements of Section 131.8 of this
20 Code. Each domestic stock company formed under this subsection
21 shall be deemed to exist before a merger and division under
22 this Section becomes effective, but solely for the purpose of
23 being a party to such merger and division. The Director shall
24 not require that such domestic stock company be licensed to
25 transact insurance business in this state before such merger

1 and division. All insurance policies, annuities, or
2 reinsurance agreements allocated to such domestic stock
3 company shall become the obligation of the domestic stock
4 company that survives the merger simultaneously with the
5 effectiveness of the merger and division. The plan of merger or
6 consolidation shall be deemed to have been authorized and
7 approved by such domestic stock company if the dividing company
8 authorized and approved such plan. The certificate of merger
9 shall state that it was approved by the domestic stock company
10 formed under this subsection.

11 (Source: Laws 1967, p. 1760.)