

Senate Bill 156

By: Senator Martin of the 9th

**AS PASSED SENATE**

A BILL TO BE ENTITLED

AN ACT

1 To amend Title 33 of the Official Code of Georgia Annotated, relating to insurance, so as to  
 2 provide for the division of a domestic insurer into two or more resulting domestic insurers;  
 3 to provide for definitions; to provide for a plan of division subject to approval by the  
 4 Insurance Commissioner; to provide for a certificate of division; to provide for the effect of  
 5 a division; to provide for the responsibilities of a resulting insurer; to provide for shareholder  
 6 appraisal rights; to provide for rules and regulations; to revise rules and regulations to  
 7 remove the Attorney General's approval requirements; to revise the authorization and  
 8 procedure for merger or consolidation; to amend Part 1 of Article 13 of Chapter 2 of Title 14  
 9 of the Official Code of Georgia Annotated, relating to the right to dissent and obtain payment  
 10 for shares, so as to add the right to dissent and obtain payment for shares for a division of a  
 11 domestic insurer; to amend Chapter 24 of Title 33 of the Official Code of Georgia Annotated,  
 12 relating to insurance generally, so as to revise the language used in certain automobile and  
 13 property insurance reduction of coverage notices; to provide for related matters; to repeal  
 14 conflicting laws; and for other purposes.

15 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

16 **SECTION 1.**

17 Title 33 of the Official Code of Georgia Annotated, relating to insurance, is amended in  
 18 Chapter 14, relating to domestic stock and mutual insurers, by adding a new article to read  
 19 as follows:

20 "ARTICLE 6

21 33-14-120.

22 As used in this article, the term:

23 (1) 'Capital' means the capital stock component of statutory surplus, as defined in the  
 24 National Association of Insurance Commissioners Accounting Practices and Procedures  
 25 Manual, version effective January 1, 2001, and subsequent revisions.

- 26 (2) 'Director' means a person:  
 27 (A) By or under whose authority the powers of a corporation are exercised; and  
 28 (B) Under whose direction the business and affairs of the corporation are managed  
 29 pursuant to the articles of incorporation or bylaws of the corporation.
- 30 (3) 'Divide' or 'division' means a transaction in which a domestic insurer divides into two  
 31 or more resulting domestic insurers.
- 32 (4) 'Dividing insurer' means a domestic insurer that approves a plan of division pursuant  
 33 to Code Section 33-14-122.
- 34 (5) 'Liability' means a debt, obligation, or any other liability arising in any manner,  
 35 regardless of whether it is secured or contingent.
- 36 (6) 'New insurer' means a domestic insurer that is created by a division occurring on or  
 37 after the effective date of this article.
- 38 (7) 'Property' means all property, whether real, personal, or mixed, tangible or intangible,  
 39 or any right or interest therein, including rights under contracts and other binding  
 40 agreements.
- 41 (8) 'Resulting insurer' means a new insurer or a dividing insurer that survives a division.
- 42 (9) 'Share' means a share of membership in a corporation.
- 43 (10) 'Shareholder' means the person in whose name shares are registered in the records  
 44 of a corporation or the beneficial owner of shares to the extent of the rights granted by  
 45 a nominee certificate on file with a corporation.
- 46 (11) 'Sign' or 'signature' means any manual, facsimile, conformed, or electronic  
 47 signature.
- 48 (12) 'Surplus' means total statutory surplus less capital stock, adjusted for the par value  
 49 of any treasury stock, calculated in accordance with the National Association of  
 50 Insurance Commissioners Accounting Practices and Procedures Manual, version effective  
 51 January 1, 2001, and subsequent revisions.
- 52 (13) 'Transfer' means an assignment, conveyance, sale, lease, or encumbrance, including  
 53 a mortgage or security interest, gift, or transfer by operation of law.
- 54 33-14-121.
- 55 (a) Any domestic insurer may, in accordance with the requirements of this article, divide  
 56 into two or more resulting insurers pursuant to a plan of division.
- 57 (b)(1) A plan of division shall include:  
 58 (A) The name of the dividing insurer seeking to divide;  
 59 (B) The name of each resulting insurer or insurers that will be created by the proposed  
 60 division, including its proposed articles of incorporation and proposed bylaws;  
 61 (C) The manner of allocating between or among the resulting insurers:

- 62 (i) The property of the dividing insurer that will not be owned by all of the resulting  
63 insurers as tenants in common pursuant to Code Section 33-14-125; and  
64 (ii) Those policies and other liabilities of the dividing insurer to which not all of the  
65 resulting insurers will be jointly and severally liable pursuant to paragraph (3) of  
66 subsection (a) of Code Section 33-14-126;
- 67 (D) The manner of distributing shares in a new insurer to the dividing insurer or its  
68 shareholders;
- 69 (E) A reasonable description of liabilities, capital, surplus, or other property the  
70 dividing insurer proposes to allocate to a new insurer, including the manner by which  
71 each reinsurance contract is to be allocated;
- 72 (F) All terms and conditions required by the laws of this state or the articles of  
73 incorporation or bylaws of the dividing insurer; and
- 74 (G) All other terms and conditions of the division.
- 75 (2) If the dividing insurer will survive the division, the plan of division shall include, in  
76 addition to the information required by paragraph (1) of this subsection:
- 77 (A) All proposed amendments to the dividing insurer's articles of incorporation and  
78 bylaws, if any;
- 79 (B) If the dividing insurer desires to cancel some but not all shares in the dividing  
80 insurer, the manner in which it will cancel such shares; and
- 81 (C) If the dividing insurer desires to convert some but not all shares in the dividing  
82 insurer into interests, securities, shares, obligations, money, other property, or rights to  
83 acquire interests, securities, or shares, or any combination thereof, a statement  
84 disclosing the manner in which it will convert such shares.
- 85 (3) If the dividing insurer will not survive the proposed division, the plan of division  
86 shall contain, in addition to the information required by paragraph (1) of this subsection,  
87 the manner in which the dividing insurer will cancel or convert shares in the dividing  
88 insurer into interests, securities, shares, obligations, money, other property, or rights to  
89 acquire interests, securities, or shares, or any combination thereof.
- 90 (c) A dividing insurer may amend a plan of division in accordance with any procedures  
91 set forth in the plan or, if no such procedures are set forth in the plan, in any manner  
92 determined by the board of directors of the dividing insurer, except that a shareholder that  
93 was entitled to vote on or consent to approval of the plan of division is entitled to vote on  
94 or consent to any amendment of the plan that will change:
- 95 (1) The amount or kind of interests, securities, shares, obligations, money, other  
96 property, or rights to acquire interests, securities, or shares, or any combination thereof,  
97 to be received by any of the shareholders of the dividing insurer under the plan;

98 (2) The articles of incorporation of any resulting insurer that will be in effect when the  
99 division becomes effective, except for changes that do not require approval of the  
100 shareholders of the resulting insurer under its articles of incorporation; or

101 (3) Any other terms or conditions of the plan, if the change would adversely affect the  
102 shareholders in any material respect.

103 (d)(1) A dividing insurer may abandon a plan of division after it has approved the plan  
104 without any action by the shareholders and in accordance with any procedures set forth  
105 in the plan or, if no such procedures are set forth in the plan, in a manner determined by  
106 the board of directors of the dividing insurer.

107 (2) A dividing insurer may abandon a plan of division after it has delivered a certificate  
108 of division to the Secretary of State by delivering to the Secretary of State a certificate  
109 of abandonment signed by the dividing insurer. The certificate of abandonment shall be  
110 effective on the date it is filed with the Secretary of State, and the dividing insurer shall  
111 be deemed to have abandoned its plan of division on such date.

112 (3) A dividing insurer may not abandon its plan of division once the division becomes  
113 effective.

114 33-14-122.

115 (a) Except as provided in subsections (b) and (c) of this Code section, a dividing insurer  
116 shall not file a plan of division with the Commissioner unless such plan has been approved  
117 in accordance with:

118 (1) All provisions of its articles of incorporation and bylaws; or

119 (2) If its articles of incorporation and bylaws do not provide for approval of a division,  
120 all provisions of its articles of incorporation and bylaws that provide for approval of a  
121 merger.

122 (b) Shareholder approval of a plan of division shall not be required unless:

123 (1) The articles of incorporation and bylaws of the dividing insurer require such  
124 approval;

125 (2) The plan makes an amendment to the articles of incorporation and bylaws requiring  
126 such approval; or

127 (3) The dividing insurer will not survive the proposed division and has only one class of  
128 shares outstanding and the shares of each new insurer will not be distributed pro rata to  
129 the shareholders.

130 (c)(1) If any provision of the articles of incorporation and bylaws of a dividing insurer  
131 adopted before the effective date of this article requires that a specific number or  
132 percentage of directors or shareholders approve the proposal or adoption of a plan of  
133 merger, or imposes other special procedures for the proposal or adoption of a plan of

134 merger, such dividing insurer shall adhere to such provision in proposing or adopting a  
 135 plan of division.

136 (2) If a provision of any debt security, note, or similar evidence of indebtedness for  
 137 money borrowed, whether secured or unsecured, indenture or other contract relating to  
 138 indebtedness, or a provision of any other type of contract other than an insurance policy,  
 139 annuity, or reinsurance agreement, that was issued, incurred, or executed by the domestic  
 140 insurer before the effective date of this article requires the consent of the obligee to a  
 141 merger of the insurer or treats such a merger as a default and does not provide that a  
 142 division of the insurer does not require the consent of the obligee or treat a division as a  
 143 default, as applicable, then such provision applies to a division of the insurer as if such  
 144 division were a merger.

145 (3) If any provision described in paragraph (1) or (2) of this subsection is amended on  
 146 or after the effective date of this article, such provision shall thereafter apply to a division  
 147 only in accordance with its express terms.

148 33-14-123.

149 (a) A division does not become effective until it is approved by the Commissioner after  
 150 reasonable notice and a public hearing. A hearing conducted under this Code section must  
 151 be conducted pursuant to Chapter 2 of this title.

152 (b) Subject to subsection (1) of this Code section, the Commissioner shall approve a plan  
 153 of division unless the Commissioner finds any of the following:

154 (1) The interest of the policyholders of the dividing insurer that may become  
 155 policyholders of a resulting insurer will not be adequately protected by the resulting  
 156 insurer or acquiring party of a resulting insurer, if any;

157 (2) After the division, any resulting insurer would not be able to satisfy the requirements  
 158 for the issuance of a certificate of authority;

159 (3) The division would substantially lessen competition in insurance in this state or tend  
 160 to create a monopoly in this state;

161 (4) The financial condition of an acquiring party of a resulting insurer, if any, is such that  
 162 it might jeopardize the financial stability of the insurer, or prejudice the interest of its  
 163 policyholders or the interests of a remaining shareholder that is unaffiliated with the  
 164 acquiring party;

165 (5) The terms of the plan of division are unfair and unreasonable to the dividing insurer's  
 166 policyholders or shareholders;

167 (6) An acquiring party of a resulting insurer, if any, has plans or proposals to liquidate  
 168 the resulting insurer, sell its assets, or consolidate or merge the resulting insurer with a  
 169 person, or to make any other material change in its business or corporate structure or

170 management, that are unfair and unreasonable to the resulting insurer's policyholders, and  
 171 not in the public interest;

172 (7) The competence, experience, and integrity of the persons who would control the  
 173 operation of a resulting insurer are such that it would not be in the interest of the resulting  
 174 insurer's policyholders or the general public to permit the division;

175 (8) The division is likely to be hazardous or prejudicial to the insurance-buying public;

176 (9) The proposed division violates Article 4 of Chapter 2 of Title 18, the 'Uniform  
 177 Voidable Transactions Act';

178 (10) The division is being made for purposes of hindering, delaying, or defrauding any  
 179 policyholders or other creditors of the dividing insurer;

180 (11) One or more resulting insurers will not be solvent on the consummation of the  
 181 division; or

182 (12) The assets allocated to one or more resulting insurers will be, on consummation of  
 183 a division, unreasonably small in relation to the business and transactions in which the  
 184 resulting insurer was engaged or is about to engage.

185 (c) If a division is undertaken in conjunction with the divestiture of one of the resulting  
 186 insurers, the Commissioner shall not approve the division until the potential acquiring party  
 187 has received the necessary approval under Code Section 33-13-3.

188 (d) In determining whether the standard set forth in paragraph (9) of subsection (b) of this  
 189 Code section has been satisfied, the Commissioner shall only apply the 'Uniform Voidable  
 190 Transactions Act' to a dividing insurer in its capacity as a resulting insurer and shall not  
 191 apply the 'Uniform Voidable Transactions Act' to any dividing insurer that is not proposed  
 192 to survive the division.

193 (e) In determining whether the standards set forth in paragraphs (9), (10), (11), and (12)  
 194 of subsection (b) this Code section have been satisfied, the Commissioner may consider,  
 195 among other things, all assets, liabilities, and cash flows.

196 (f) In determining whether the standard set forth in paragraph (9) of subsection (b) of this  
 197 Code section has been satisfied, with respect to each resulting insurer, the Commissioner  
 198 shall, in applying the 'Uniform Voidable Transactions Act,' do all of the following:

199 (1) Treat the resulting insurer as a debtor;

200 (2) Treat liabilities allocated to the resulting insurer as obligations incurred by a debtor;

201 (3) Treat the resulting insurer as not having received reasonably equivalent value in  
 202 exchange for incurring the obligations; and

203 (4) Treat assets allocated to the resulting insurer as remaining property.

204 (g) All information, documents, materials, and copies of documents and materials  
 205 submitted to, obtained by, or disclosed to the Commissioner in connection with a plan of  
 206 division or in contemplation of a plan of division, including any information, documents,

207 materials, or copies provided by or on behalf of a domestic stock insurer in advance of its  
208 adoption or submission of a plan of division, are confidential and are subject to the same  
209 protection and treatment in accordance with Code Section 33-2-14 as information and  
210 documents disclosed to or obtained by the Commissioner in the course of an examination  
211 or investigation made under Code Section 33-2-11 until the time, if any, that a notice of the  
212 hearing contemplated by subsection (a) of this Code section is issued.

213 (h) From and after the issuance of a notice of the hearing contemplated by subsection (a)  
214 of this Code section, all business, financial, and actuarial information for which the  
215 domestic stock insurer requests confidential treatment, other than the plan of division and  
216 any materials incorporated by reference into or otherwise made a part of the plan of  
217 division that must not be eligible for confidential treatment after the issuance of a notice  
218 of the hearing, continues to be confidential and is not available for public inspection and  
219 must be subject to the same protection and treatment in accordance with Code Section  
220 33-2-14 as information and documents disclosed to or obtained by the Commissioner in the  
221 course of an examination or investigation made under Code Section 33-2-11. However,  
222 if the Commissioner determines that the interest of the public in making the information  
223 available for public inspection outweighs the interest of the dividing insurer in keeping the  
224 information confidential, the Commissioner may, after notice and an opportunity to be  
225 heard, make the information available to public inspection.

226 (i) All expenses incurred by the Commissioner in connection with proceedings under this  
227 section, including expenses for the services of any attorneys, actuaries, accountants, and  
228 other experts not otherwise a part of the department staff as may be reasonably necessary  
229 to assist the Commissioner in reviewing the proposed division, must be paid by the  
230 dividing insurer filing the plan of division. A dividing insurer may allocate expenses  
231 described in this subsection in a plan of division in the same manner as any other liability.

232 (j) If the Commissioner approves a plan of division, the Commissioner shall issue an order  
233 approving the plan of division that must be accompanied by findings of fact and  
234 conclusions of law.

235 (k) The conditions in this Code section for freeing one or more of the resulting insurers  
236 from the liabilities of the dividing insurer and for allocating some or all of the liabilities of  
237 the dividing insurer are conclusively satisfied if the plan of division has been approved by  
238 the Commissioner in a final order, after all relevant appeals relating to the final order have  
239 been exhausted.

240 (l) The Commissioner may establish any additional procedures necessary or appropriate  
241 in connection with his or her review of a plan of division.

242 33-14-124.

243 (a) After a plan of division has been adopted and approved under Code Sections 33-14-122  
244 and 33-14-123, an officer or duly authorized representative of the dividing insurer shall  
245 sign a certificate of division.

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

247 (1) The name of the dividing insurer;

248 (2) A statement disclosing whether the dividing insurer will survive the division;

249 (3) The name of each resulting insurer;

250 (4) The date on which the division is to be effective, which shall not be more than 90  
251 days after the dividing insurer has filed the certificate of division with the Secretary of  
252 State;

253 (5) A statement that the division was approved by the dividing insurer in accordance  
254 with Code Section 33-14-122;

255 (6) A statement that the division was approved by the Commissioner in accordance with  
256 Code Section 33-14-123;

257 (7) A statement that the dividing insurer provided, not later than ten business days after  
258 the dividing insurer filed the plan of division with the Commissioner, reasonable notice  
259 to each insurer or reinsurer that is party to a reinsurance contract allocated in the plan of  
260 division;

261 (8) If the dividing insurer will survive the division, any amendment to its articles of  
262 incorporation approved as part of the plan of division;

263 (9) For each new insurer created by the division, its articles of incorporation, which need  
264 not state the name or address of an incorporator of a corporation; and

265 (10) A reasonable description of the capital, surplus, other property, and policies and  
266 other liabilities of the dividing insurer that are to be allocated to each resulting insurer.

267 (c) The articles of incorporation, if any, of each new insurer must satisfy the requirements  
268 of the laws of this state, but such articles need not be signed or include any provision that  
269 need not be included in a restatement of such articles.

270 (d) A certificate of division shall be effective when filed with the Secretary of State or on  
271 such other date specified in the plan of division, whichever is later; provided, however, that  
272 a certificate of division shall become effective not more than 90 days after it is filed with  
273 the Secretary of State. A division shall be effective when the relevant certificate of  
274 division becomes effective.

275 33-14-125.

276 (a) When a division becomes effective pursuant to subsection (d) of Code  
277 Section 33-14-124:



- 278 (1) If the dividing insurer has survived the division:  
 279 (A) It continues to exist;  
 280 (B) Its articles of incorporation, if any, shall be amended as provided in the plan of  
 281 division; and  
 282 (C) Its bylaws, if any, shall be amended as provided in the plan of division;  
 283 (2) If the dividing insurer has not survived the division, its separate existence ceases to  
 284 exist;  
 285 (3) Each new insurer:  
 286 (A) Comes into existence;  
 287 (B) Shall hold any capital, surplus, and other property allocated to it as a successor to  
 288 the dividing insurer, and not by transfer, whether directly or indirectly; and  
 289 (C) Its articles of incorporation and bylaws shall be effective;  
 290 (4) Capital, surplus, and other property of the dividing insurer:  
 291 (A) That is allocated by the plan of division either:  
 292 (i) Vests in the new insurers as provided in the plan of division; or  
 293 (ii) Remains vested in the dividing insurer;  
 294 (B) That is not allocated by the plan of division:  
 295 (i) Remains vested in the dividing insurer, if the dividing insurer survives the  
 296 division; or  
 297 (ii) Is allocated to and vests equally in the resulting insurers as tenants in common,  
 298 if the dividing insurer does not survive the division; or  
 299 (C) Vests as provided in this subsection without transfer, reversion, or impairment;  
 300 (5) A resulting insurer to which a cause of action is allocated as provided in  
 301 paragraph (4) of this subsection may be substituted or added in any pending action or  
 302 proceeding to which the dividing insurer is a party when the division becomes effective;  
 303 (6) The policies and other liabilities of the dividing insurer are allocated among the  
 304 resulting insurers as provided in Code Section 33-14-126 and the resulting insurers to  
 305 which policies or other liabilities are allocated are liable for those policies and other  
 306 liabilities as successors to the dividing insurer, and not by transfer, whether directly or  
 307 indirectly;  
 308 (7) Any division that becomes effective pursuant to subsection (d) of Code  
 309 Section 33-14-124 shall not be deemed to constitute an assignment of any insurance  
 310 policy, annuity, reinsurance agreement, or any other type of contract under the laws of  
 311 this state; and  
 312 (8) The shares in the dividing insurer that are to be converted or canceled in the division  
 313 are converted or canceled, and the shareholders of those shares are entitled only to the

314 rights provided to them under the plan of division and any appraisal rights they may have  
315 pursuant to Code Section 33-14-127.

316 (b) Except as provided in the articles of incorporation or bylaws of the dividing insurer,  
317 the division shall not give rise to any rights that a director, shareholder, or third party  
318 would have upon a dissolution, liquidation, or winding up of the dividing insurer.

319 (c) The allocation to a new insurer of capital, surplus, or other property that is collateral  
320 covered by an effective financing statement shall not be effective until a new financing  
321 statement naming the new insurer as a debtor is effective under Articles 1 through 9 of  
322 Title 11.

323 (d) Unless otherwise provided in the plan of division, the interests in and any shares of  
324 each new insurer shall be distributed to:

325 (1) The dividing insurer, if it survives the division; or

326 (2) The shareholders of the shares of the dividing insurer that do not assert appraisal  
327 rights, pro rata, if the dividing insurer does not survive the division.

328 33-14-126.

329 (a) Except as provided in this Code section, when a division becomes effective, a resulting  
330 insurer shall be responsible:

331 (1) Individually for the policies and other liabilities the resulting insurer issues,  
332 undertakes, or incurs in its own name after the division;

333 (2) Individually for the policies and other liabilities of the dividing insurer that are  
334 allocated to or remain the liability of the resulting insurer to the extent specified in the  
335 plan of division; and

336 (3) Jointly and severally with the other resulting insurers for the policies and other  
337 liabilities of the dividing insurer that are not allocated by the plan of division.

338 (b) If a division breaches an obligation of the dividing insurer, all of the resulting insurers  
339 shall be liable, jointly and severally, for the breach, but the validity and effectiveness of the  
340 division shall not be affected by the breach.

341 (c) A direct or indirect allocation of capital, surplus, property, or policies or other  
342 liabilities in a division shall not be considered a distribution for purposes of the articles of  
343 incorporation or bylaws of the dividing insurer or any of the resulting insurers.

344 (d) Liens, security interests, and other charges on the capital, surplus, or other property of  
345 the dividing insurer shall not be impaired by the division, notwithstanding any otherwise  
346 enforceable allocation of policies or other liabilities of the dividing insurer.

347 (e) If the dividing insurer is bound by a security agreement governed by Article 9 of  
348 Title 11, or Article 9 of the Uniform Commercial Code as enacted in any other jurisdiction,

349 and the security agreement provides that the security interest attaches to after-acquired  
 350 collateral, each resulting insurer shall be bound by the security agreement.

351 (f) Except as provided in the plan of division and specifically approved by the  
 352 Commissioner, an allocation of a policy or other liability shall not affect the rights under  
 353 any other law of a policyholder or creditor owed payment on the policy, or payment of any  
 354 other type of liability or performance of the obligation that creates the liability, except that  
 355 those rights shall be available only against a resulting insurer responsible for the policy,  
 356 liability, or obligation under this Code section.

357 33-14-127.

358 A shareholder of a dividing insurer shall be entitled to appraisal rights and to obtain  
 359 payment of the fair value of that shareholder's shares pursuant to Code Section 14-2-1302.

360 33-14-128.

361 The Commissioner may, in accordance with the procedures set forth in Code  
 362 Section 33-2-9, promulgate rules and regulations necessary to implement and enforce the  
 363 provisions of this article. If the Commissioner should find that extraordinary circumstances  
 364 exist and that it would be in the best interests of the citizens of this state, the Commissioner  
 365 may suspend temporarily the applicability of any rule or regulation promulgated pursuant  
 366 to this article."

367 **SECTION 2.**

368 Said title is further amended in Code Section 33-2-9, relating to rules and regulations, by  
 369 revising subsection (b) as follows:

370 "(b) Before any rule or regulation shall become effective or before any amendment or  
 371 repeal of any rule shall become effective, the proposed rule or regulation or amendment or  
 372 repeal ~~shall be approved as to legality by the Attorney General~~ and shall have been on file  
 373 as a public record in the office of the Commissioner for at least ten days."

374 **SECTION 3.**

375 Said title is further amended in Code Section 33-14-43, relating to merger or consolidation,  
 376 by adding a new subsection to read as follows:

377 "(c) The Commissioner may permit the formation of a domestic insurance company that  
 378 is established for the sole purpose of merging or consolidating with an existing domestic  
 379 insurer simultaneously with a division authorized by Article 6 of this chapter. Upon  
 380 request of the dividing insurer, as defined in Code Section 33-14-120, the Commissioner  
 381 may waive the requirements of subsection (a) of this Code section, Code Section 33-3-15,

382 and Chapter 13 of this title. Each insurer formed under this subsection shall be deemed to  
 383 exist before a merger and division under this Code section becomes effective, but solely  
 384 for the purpose of being a party to such merger and division. The Commissioner shall not  
 385 require that such insurer be licensed to transact insurance business in this state before such  
 386 merger and division. All insurance policies, annuities, or reinsurance agreements allocated  
 387 to such insurer shall become the obligation of the insurer that survives the merger  
 388 simultaneously with the effectiveness of the merger and division. The plan of merger shall  
 389 be deemed to have been approved by such insurer if the dividing insurer approved such  
 390 plan. The certificate of merger shall state that it was approved by the insurer formed under  
 391 this subsection."

392 **SECTION 4.**

393 Part 1 of Article 13 of Chapter 2 of Title 14 of the Official Code of Georgia Annotated,  
 394 relating to the right to dissent and obtain payment for shares, is amended in Code  
 395 Section 14-2-1302, relating to right to dissent, by adding a new paragraph to subsection (a)  
 396 to read as follows:

397 "(6) Consummation of a division, as defined in Code Section 33-14-120, to which the  
 398 corporation is a party, provided any such appraisal is subject to the limitations of Code  
 399 Section 33-14-127."

400 **SECTION 5.**

401 Chapter 24 of Title 33 of the Official Code of Georgia Annotated, relating to insurance  
 402 generally, is amended in Code Section 33-24-45, relating to cancellation or nonrenewal of  
 403 automobile or motorcycle policies and procedure for review by the Commissioner, by  
 404 revising paragraph (4) of subsection (f) as follows:

405 "(4) A reduction in coverage where an insurer provides a written notice of a reduction  
 406 in coverage to the named insured or his or her representative no less than 30 days prior  
 407 to the effective date of the proposed reduction in coverage; provided that such notice shall  
 408 be ~~printed in all capital letters~~ in a separate document entitled with the words 'NOTICE  
 409 OF REDUCTION IN COVERAGE:' written in all capital letters in at least 12 point type.  
 410 Such notice shall be delivered as provided in subsection (d) of Code Section 33-24-14,  
 411 in person, or by depositing the notice in the United States mail to be dispatched by at least  
 412 first-class mail to the last address of record of the insured and receiving the receipt  
 413 provided by the United States Postal Service or such other evidence of mailing as  
 414 prescribed or accepted by the United States Postal Service."

415 **SECTION 6.**

416 Said chapter is further amended in Code Section 33-24-46, relating to cancellation or  
 417 nonrenewal of certain property insurance policies, by revising paragraph (2) of subsection (d)  
 418 as follows:

419 "(2) An insurer shall provide a written notice of a reduction in coverage to the named  
 420 insured no less than 30 days prior to the effective date of the proposed reduction in  
 421 coverage; provided that such notice shall be ~~printed in all capital letters~~ in a separate  
 422 document ~~entitled~~ with the words 'NOTICE OF REDUCTION IN COVERAGE:' written  
 423 in all capital letters in at least 12 point type. Such notice shall be delivered as provided  
 424 in subsection (d) of Code Section 33-24-14, in person, or by depositing the notice in the  
 425 United States mail to be dispatched by at least first-class mail to the last address of record  
 426 of the insured and receiving the receipt provided by the United States Postal Service or  
 427 such other evidence of mailing as prescribed or accepted by the United States Postal  
 428 Service."

429 **SECTION 7.**

430 Said chapter is further amended in Code Section 33-24-47, relating to notice required of  
 431 termination or nonrenewal, increase in premium rates, or change restricting or reducing  
 432 coverage and failure of insurer to comply, by revising subsection (g) as follows:

433 "(g) An insurer shall provide a written notice of a reduction in coverage to the named  
 434 insured no less than 45 days prior to the effective date of the proposed reduction in  
 435 coverage; provided that such notice shall be ~~printed in all capital letters~~ in a separate  
 436 document ~~entitled~~ with the words 'NOTICE OF REDUCTION IN COVERAGE:' written  
 437 in all capital letters in at least 12 point type. Such notice shall be delivered to the insured  
 438 as provided in subsection (d) of Code Section 33-24-14, in person, or by depositing the  
 439 notice in the United States mail, to be dispatched by at least first-class mail to the last  
 440 address of record of the insured. A reduction in coverage shall mean a change made by the  
 441 insurer which results in a removal of coverage, diminution in scope or less coverage, or the  
 442 addition of an exclusion. Reduction in coverage shall not include any change, reduction,  
 443 or elimination of coverage made at the request of the insured. The correction of  
 444 typographical or scrivener's errors or the application of mandated legislative changes shall  
 445 not be considered a reduction in coverage."

446 **SECTION 8.**

447 All laws and parts of laws in conflict with this Act are repealed.