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STATE OF ILLINOIS



Department of Financial and Professional Regulation Division of Insurance

CERTIFICATE OF MERGER

Whereas, a Merger Agreement, dated **September 8, 2006**, by and between the **POLISH NATIONAL ALLIANCE OF THE UNITED STATES OF NORTH AMERICA**, a fraternal benefit society organized and existing under and by virtue of the laws of the State of **ILLINOIS**, and the **POLISH NATIONAL ALLIANCE OF BROOKLYN, UNITED STATES OF AMERICA**, a fraternal benefit society organized and existing under and by virtue of the laws of the State of **NEW YORK**, whereby the said **POLISH NATIONAL ALLIANCE OF BROOKLYN, UNITED STATES OF AMERICA** is being merged with and into the said **POLISH NATIONAL ALLIANCE OF THE UNITED STATES OF NORTH AMERICA**, the surviving society, has been presented to the Director of Insurance of the State of Illinois for approval;

And it appearing from the documents filed with the Director of Insurance of the State of Illinois that the said parties to said **Merger Agreement** have in all respects complied with the laws of the State of Illinois and with all applicable provisions of an Act of the General Assembly of the State of Illinois, entitled: "Illinois Insurance Code" approved June 29, 1937, as amended, and that said **Merger Agreement** is in accordance with the provisions of Article X of the said "Illinois Insurance Code" and is not inconsistent with the laws or constitution of the State of Illinois or of the United States, and the undersigned Director of Insurance of the State of Illinois being satisfied that no reasonable objection exists thereto.

IT IS, THEREFORE ORDERED that the said Agreement and Plan of Merger be and the same is hereby approved, to be **effective July 5, 2007**.

DEPARTMENT OF FINANCIAL AND
PROFESSIONAL REGULATION of the
State of Illinois;

DIVISION OF INSURANCE

Date: June 20, 2007



Michael T. McRaith

Michael T. McRaith
Director of Insurance



Doc#: 0719956203 Fee: \$34.50
Eugene "Gene" Moore
Cook County Recorder of Deeds
Date: 07/18/2007 12:33 PM Pg: 1 of 6

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MERGER AGREEMENT

This Agreement is made and entered into this 8th day of September 2006 by and between the POLISH NATIONAL ALLIANCE OF THE UNITED STATES OF NORTH AMERICA, a fraternal benefit society organized and existing under the laws of the State of Illinois, with its principal office located in Chicago, Illinois, hereinafter referred to as "ALLIANCE", and the POLISH NATIONAL ALLIANCE OF BROOKLYN, UNITED STATES OF AMERICA, a fraternal benefit society organized and existing under the laws of the State of New York, with its principal office located in Brooklyn, New York, hereinafter referred to as the "PNA OF BROOKLYN".

WHEREAS, ALLIANCE and PNA OF BROOKLYN are both founded as fraternal benefit societies and share a strong commitment of service to their members, to fraternalism and to the Polish American community in general with compatible objectives, and

WHEREAS, those objectives can be accomplished more readily if the members of both organizations make a common effort through a single society of providing improved and expanded service to the Polish American community, increasing their financial strength and resources for growth to existing and new members,

WHEREAS, the Boards of Directors of ALLIANCE and PNA OF BROOKLYN deem the terms of this Merger Agreement to be just and equitable to their respective members,

NOW THEREFORE, in consideration of the respective representations set forth herein, it is mutually agreed between the parties hereto, as follows:

ARTICLE ONE

1. On the effective date of this Agreement, the separate existence of PNA OF BROOKLYN shall cease and PNA OF BROOKLYN shall be merged with and into the ALLIANCE, and its lodges shall become chartered lodges of the ALLIANCE, such lodges and its members to be governed henceforth by the laws applicable to ALLIANCE and by the By-laws, Rules and Regulations of the ALLIANCE, thereby becoming eligible to receive all the fraternal benefits to which an ALLIANCE member is entitled.

2. On the effective date of this Agreement, all members of PNA OF BROOKLYN shall cease to be members of PNA OF BROOKLYN and shall become members of the lodges chartered by the ALLIANCE, with all the rights, privileges and obligations thereto. The officers of said lodges shall become officers of the ALLIANCE lodges in corresponding capacities without formality or necessity of election and shall serve until their successors have been elected and installed in compliance with the By-laws and the Ritual of the ALLIANCE.

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ARTICLE TWO

1. On the effective date of this Agreement, all obligations of PNA OF BROOKLYN relating to the certificates and contracts of insurance issued by PNA OF BROOKLYN and in force or subject to reinstatement on the effective date of this Agreement shall be assumed by and become obligations of the ALLIANCE, subject to all defenses and setoffs that would have been available to PNA OF BROOKLYN had this Agreement not been made. ALLIANCE will administer the certificates and contracts to which such obligations relate according to their terms, which to the extent applicable, are agreed to including the terms of the Articles of Incorporation, Constitution and Rules and Regulations of PNA OF BROOKLYN in effect on the effective date of this Agreement and attached hereto as "Exhibit No.1". Such certificates and contracts shall participate in future distribution of surplus by ALLIANCE to the same extent as all other members of the ALLIANCE to the extent determined by the Board of Directors of ALLIANCE, if in force at the time of distributions.

2. On and after the effective date of this Agreement, premiums and other payments required by such certificates shall not be due or paid to PNA OF BROOKLYN but instead shall be due to ALLIANCE and paid to the ALLIANCE through its normal established procedures.

3. As soon after the effective date of this Agreement as practicable, ALLIANCE will issue in the name of the member insured under PNA OF BROOKLYN and deliver to the person having control of each certificate and contract, a CERTIFICATE OF ASSUMPTION in the form marked "Exhibit No.2" and attached thereto. ALLIANCE will notify known assignees of such certificates or contracts by letter addressed and mailed to the last known address of each.

4. On the effective date of this Agreement, all other obligations of PNA OF BROOKLYN, of whatever nature shall be assumed by and become obligations of the ALLIANCE, subject, however, to all defenses and set-offs that would have been available to PNA OF BROOKLYN had this Agreement not been made.

5. On the effective date of this Agreement, PNA OF BROOKLYN shall deliver to ALLIANCE, assembled in such form as shall be required by ALLIANCE, all information in its possession or control relating to its: i) certificates and contracts of insurance then in force or subject to reinstatement; ii) members; iii) groups; iv) obligations other than those relating to certificates and contracts of insurance then in force or subject to reinstatement.

6. On the effective date of this Agreement, PNA OF BROOKLYN shall, by proper acts and instruments, transfer and convey to the ALLIANCE all property and assets of whatever nature then belonging to PNA OF BROOKLYN, such property to be commingled with and become part of the assets of the Fund of the ALLIANCE. Nothing contained in this paragraph shall affect the separate property of subordinate branches, such as lodges, groups, circles and the like.

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7. After the execution of this Agreement neither ALLIANCE nor PNA OF BROOKLYN will incur any liability or expend or exchange any assets except in the regular and customary course of business.

ARTICLE THREE

1. The effective date of this Agreement shall be the later of _____, 2007 or the date on which the Agreement of Merger, as approved by the New York Superintendent of Insurance and by the Commissioner of Insurance of the State of Illinois, has been placed on file in the office of the Kings County Clerk, provided that: i) on or before such date, that this Agreement has been approved by the Supreme legislative and governing bodies of the ALLIANCE and PNA OF BROOKLYN 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. The notice to persons entitled to vote shall be given as provided in the By-laws of the Alliance; ii) that the Agreement has been approved by an affirmative vote of two-thirds (2/3) of all members of such supreme legislative and governing body of the ALLIANCE and PNA OF BROOKLYN; iii) the Agreement of Merger has been approved by the Commissioner of Insurance of the State of Illinois and the respective Commissioner(s) of the states where PNA OF BROOKLYN is domiciled and authorized to do business.

2. If not all of the approvals required in Article Three paragraph 1, sections i),ii) and iii) (above) have been granted on or before said effective date or on a mutually agreed later date, on said effective or extended date, this Agreement shall terminate.

ARTICLE FOUR

1. ALLIANCE and PNA OF BROOKLYN shall afford to the other and to the other's representative, reasonable access during normal business hours and upon reasonable notice, to all respective assets, books and records.

2. Conduct of business pending the merger. PNA OF BROOKLYN shall conduct its business in the ordinary course of business and shall use all reasonable efforts to preserve its licenses, permits and certificates of authority. Without the express permission of ALLIANCE, the PNA OF BROOKLYN shall not propose any changes in the Articles of Incorporation or in the By-laws, sell, lease or dispose of any assets or property; incur any material indebtedness, or make any changes in the value of the dividends of the insurance certificates or contracts. PNA OF BROOKLYN shall promptly furnish to ALLIANCE copies of all Statutory Financial Statement and advise the ALLIANCE with respect to any and all regulatory matters.

3. PNA OF BROOKLYN shall execute such documents and other papers, provide such information and take such further actions as may be reasonably requested by ALLIANCE to consummate the transactions contemplated in this Merger.

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4. Upon the effective date of the Merger, ALLIANCE shall retain PNA OF BROOKLYN employees as full time employees—each employee shall be an employee of the ALLIANCE and shall receive the same benefits as all other ALLIANCE EMPLOYEES.

5. After the Merger, the ALLIANCE shall declare a special Dividend to all PNA OF BROOKLYN certificate holders on a pro rata amount equal to the PNA OF BROOKLYN surplus in excess of the risk base capital amount as calculated in the annual statement. The dividend shall be paid as soon as reasonably possible and will be paid with additional insurance, not in cash.

6. In the event that the ALLIANCE shall sell the PNA OF BROOKLYN home office in an amount greater than the appraised value required for the Merger (minus a credit for its rehabilitation), within five (5) years after the effective date of the Merger, than that difference should be distributed pro-rata to the current certificate holders of the PNA OF BROOKLYN in the form of a paid-up insurance policy certificate.

7. The Zgoda newspaper is sent to all ALLIANCE members, and it is agreed that ALLIANCE will include a full page on a monthly basis about the current news, the activities of the PNA OF BROOKLYN over the course of five (5) years following the effective date of the Merger.

8. It is agreed by the ALLIANCE that in order to represent the interests of the merged PNA OF BROOKLYN members, the president of the newly formed Council representing the PNA OF BROOKLYN will be able to attend the ALLIANCE Board of Directors meetings, be permitted to a voice at the Board meetings, but shall not be entitled to vote.

9. Each party shall pay its own expenses incident to preparing for, entering in and carrying out this Agreement and Merger.

10. This Agreement contains, and is intended to be, a complete statement of all the terms of the arrangements between the parties with respect to the matters provided herein, and supersedes any previous agreements and understandings of the parties.

11. There are no third party beneficiaries to this Agreement.

12. Modifications, amendments and waivers. At any time prior to the effective date, the parties, may, by written agreement: i) extend the time for the performance of any obligations or acts; ii) waive any inaccuracies or waive compliance; iii) make any other modifications as approved by its respective Board of Directors.

13. This Agreement shall be construed in accordance with the laws of Illinois, except to the extent that New York law shall be held to govern the terms as it applies to PNA OF BROOKLYN.

14. Notices. Any notice by any party to the other shall be in writing and delivered personally or sent by registered or certified mail or express service or by confirmed facsimile

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transmissions to ALLIANCE at its Chicago home office and to PNA OF BROOKLYN at its Brooklyn home office address.

15. The By-Laws and the Articles of Incorporation of the Polish National Alliance of the United States of North America, as attached hereto as "Exhibit No.1", will continue to be the By-Laws and Articles of Incorporation of the surviving fraternal.

POLISH NATIONAL ALLIANCE OF THE UNITED STATES OF NORTH AMERICA

BY: [Signature]
President

Attested by: [Signature]
Secretary

POLISH NATIONAL ALLIANCE OF BROOKLYN, UNITED STATES OF AMERICA

BY: [Signature]
President

Attested by: [Signature]
Secretary

Filed 6/20/07
To be effective July 5, 2007
MICHRO...
DIRECTOR OF INSURANCE

[Signature]
DIRECTOR OF INSURANCE

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