

SENATE BILL No. 292

April 30, 1991, Introduced by Senator DINGELL and referred to the Committee on Commerce.

A bill to amend section 7925 of Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

as amended by Act No. 41 of the Public Acts of 1980, being section 500.7925 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 7925 of Act No. 218 of the Public Acts
2 of 1956, as amended by Act No. 41 of the Public Acts of 1980,
3 being section 500.7925 of the Michigan Compiled Laws, is amended
4 to read as follows:

5 Sec. 7925. (1) "Covered claims" means obligations of an
6 insolvent insurer ~~which~~ THAT meet all of the following
7 requirements:

8 (a) Arise out of the insurance policy contracts of the
9 insolvent insurer issued to residents of this state or are

1 payable to residents of this state on behalf of insureds of the
2 insolvent insurer.

3 (b) Were unpaid by the insolvent insurer.

4 (c) Are presented as a claim to the receiver in this state
5 or the ~~association~~ ASSOCIATION on or before the last date fixed
6 for the filing of claims in the domiciliary delinquency
7 proceedings.

8 (d) Were incurred or existed before, at the time of, or
9 within 30 days after the date the receiver was appointed.

10 (e) Arise out of policy contracts of the insolvent insurer
11 issued for all kinds of insurance except life and disability
12 insurance.

13 (f) Arise out of insurance policy contracts issued on or
14 before the last date on which the insolvent insurer was a member
15 insurer.

16 (2) Covered claims shall not include any of the following:

17 (a) Obligations to refund unearned premiums above the first
18 \$500.00 of unearned premiums from each person from any 1 insol-
19 vent insurer. The maximum amount of unearned premiums ~~which~~
20 THAT shall constitute a covered claim shall be adjusted annually
21 to reflect changes in the cost of living under rules prescribed
22 by the commissioner.

23 (b) Obligations incurred after the expiration date of the
24 insurance policy, after the insurance policy has been replaced by
25 the insured, or after the insurance policy has been canceled by
26 the association as provided in this chapter.

1 (c) Obligations ~~which~~ THAT arise out of sections 2001 to
2 2050, or similar provisions of law in another jurisdiction.

3 (3) Covered claims shall not include obligations to an
4 insurer, insurance pool, underwriting association, or to a person
5 who has a net worth greater than 1/10 of 1% of the aggregate pre-
6 miums written by member insurers in this state in the preceding
7 calendar year. THIS SUBSECTION DOES NOT APPLY TO A SELF-INSURER
8 GROUP APPROVED AS A SELF-INSURER GROUP UNDER SECTION 611 OF THE
9 WORKER'S DISABILITY COMPENSATION ACT, ACT NO. 317 OF THE PUBLIC
10 ACTS OF 1969, BEING SECTION 418.611 OF THE MICHIGAN COMPILED
11 LAWS.

12 (4) Covered claims shall not include any portion of a claim
13 ~~which~~ THAT is in excess of an applicable limit provided in the
14 insurance policy.

15 (5) Covered claims shall not include that portion of a
16 claim, other than a worker's compensation claim, ~~which~~ THAT is
17 in excess of 1/20 of 1% of the aggregate premiums written by
18 member insurers in this state in the preceding calendar year.

19 (6) Covered claims shall not include adjustment fees and
20 expenses, attorneys' fees and expenses, court costs, interest, or
21 bond premiums if the fees, expenses, costs, interest, or premiums
22 were incurred by the insolvent insurer before the receiver was
23 appointed.

24 Section 2. This amendatory act is curative and clarifies
25 the original intent of the legislature.