

SENATE BILL No. 691

January 28, 1992, Introduced by Senators WARTNER, HOLMES, DE GROW, MILLER, DUNASKISS, O'BRIEN, CISKY, HART, MC MANUS, CONROY, CARL, DI NELLO, CHERRY and BERRYMAN and referred to the Committee on Commerce.

A bill to amend section 901 of Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

as amended by Act No. 302 of the Public Acts of 1989, being section 500.901 of the Michigan Compiled Laws; and to add sections 841 and 842.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 901 of Act No. 218 of the Public Acts of
2 1956, as amended by Act No. 302 of the Public Acts of 1989, being
3 section 500.901 of the Michigan Compiled Laws, is amended and
4 sections 841 and 842 are added to read as follows:

5 SEC. 841. (1) SUBJECT TO SUBSECTION (2), ALL BONDS OR OTHER
6 EVIDENCES OF DEBT HAVING A FIXED TERM AND RATE OF INTEREST HELD
7 BY AN INSURER, IF AMPLY SECURED AND NOT IN DEFAULT AS TO

1 PRINCIPAL OR INTEREST, AND IF OF INVESTMENT QUALITY AS DEFINED BY
2 THE COMMISSIONER, MAY BE VALUED AS FOLLOWS:

3 (A) IF PURCHASED AT PAR, AT THE PAR VALUE.

4 (B) IF PURCHASED ABOVE OR BELOW PAR, ON THE BASIS OF THE
5 PURCHASE PRICE ADJUSTED SO AS TO BRING THE VALUE TO PAR AT MATU-
6 RITY AND SO AS TO YIELD IN THE MEANTIME THE EFFECTIVE RATE OF
7 INTEREST AT WHICH THE PURCHASE WAS MADE, OR IN LIEU OF SUCH
8 METHOD, ACCORDING TO THE ACCEPTED METHOD OF VALUATION AS APPROVED
9 BY THE COMMISSIONER.

10 (2) THE PURCHASE PRICE OF A BOND OR EVIDENCE OF DEBT UNDER
11 SUBSECTION (1) SHALL NOT BE TAKEN AT A HIGHER FIGURE THAN THE
12 ACTUAL MARKET VALUE AT THE TIME OF PURCHASE, PLUS ACTUAL BROKER-
13 AGE, TRANSFER, POSTAGE, OR EXPRESS CHARGES PAID IN THE ACQUI-
14 TION OF THE SECURITIES.

15 (3) THE COMMISSIONER SHALL HAVE FULL DISCRETION IN DETERMIN-
16 ING THE METHOD OF CALCULATING VALUES UNDER THIS SECTION, BUT A
17 METHOD OR VALUATION SHALL NOT BE INCONSISTENT WITH ANY APPLICABLE
18 VALUATION OR METHOD USED BY INSURERS IN GENERAL OR BY ANY APPLI-
19 CABLE VALUATION OR METHOD FORMULATED OR APPROVED BY THE NATIONAL
20 ASSOCIATION OF INSURANCE COMMISSIONERS OR ITS SUCCESSOR
21 ORGANIZATION.

22 SEC. 842. (1) SECURITIES, OTHER THAN THOSE REFERRED TO IN
23 SECTION 841, HELD BY AN INSURER SHALL BE VALUED, IN THE
24 COMMISSIONER'S DISCRETION, AT THEIR MARKET VALUE, AT THEIR
25 APPRAISED VALUE, OR AT PRICES DETERMINED BY THE COMMISSIONER AS
26 REPRESENTING THEIR FAIR MARKET VALUE.

1 (2) PREFERRED OR GUARANTEED STOCKS OR SHARES WHILE PAYING
2 FULL DIVIDENDS MAY BE CARRIED AT A FIXED VALUE IN LIEU OF MARKET
3 VALUE, AT THE COMMISSIONER'S DISCRETION AND IN ACCORDANCE WITH A
4 METHOD OF VALUATION AS THE COMMISSIONER MAY APPROVE.

5 (3) STOCK OF A SUBSIDIARY CORPORATION OF AN INSURER SHALL
6 NOT BE VALUED AT AN AMOUNT IN EXCESS OF THE NET VALUE OF THE
7 STOCK AS BASED UPON ONLY THOSE ASSETS OF THE SUBSIDIARY THAT
8 WOULD BE ELIGIBLE UNDER SECTIONS 910 THROUGH 947 FOR THE DIRECT
9 INVESTMENT OF THE INSURER'S FUNDS.

10 (4) VALUATIONS UNDER THIS SECTION SHALL NOT BE INCONSISTENT
11 WITH ANY APPLICABLE VALUATION OR METHOD FORMULATED OR APPROVED BY
12 THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS OR ITS SUC-
13 CESSOR ORGANIZATION.

14 Sec. 901. (1) Each insurer authorized to transact the busi-
15 ness of insurance in this state, and each person approved for
16 placement of business by a surplus lines agent pursuant to
17 chapter 19, may loan or invest its funds in any investment, and
18 may buy, sell, hold title to, possess, occupy, pledge, convey,
19 manage, protect, insure, and deal with respect to its invest-
20 ments, property, and money to the same extent as any other person
21 or corporation under the laws of this state or of the United
22 States AND MAY VALUE ITS ASSETS AND LIABILITIES IN ACCORDANCE
23 WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPALS if the insurer has
24 assets in cash ~~, computers,~~ or as defined in this chapter in a
25 total amount at least equal to the sum of its liabilities includ-
26 ing its reserves as required by this ~~code~~ ACT, ~~plus an amount~~
27 ~~for contingencies as defined in subsection (5),~~ plus an amount

1 equal to the minimum capital or minimum surplus required to be
2 maintained by sections 408 and 410. ~~However, the~~

3 (2) FOR PURPOSES OF MEETING THE ASSETS REQUIRED BY
4 SUBSECTION (1), THE FOLLOWING APPLY:

5 (A) THE value of all computers shall not exceed 2% of the
6 assets required by this subsection and the value of each computer
7 shall not exceed the original cost of the computer amortized over
8 a period not to exceed 10 years. For purposes of this section,
9 "computer" means an electronic data processing system, composed
10 of 1 or more components, ~~which~~ THAT utilizes storage and pro-
11 cessing mechanization ~~—~~ and ~~which~~ has a direct automatic
12 means of input and output, including, but not limited to, central
13 processing units, data input/output channels, main storage or
14 memory, and peripheral devices for systems control, data input,
15 output, or temporary or permanent storage of information, and
16 associated reusable media required by these devices and operating
17 systems software. Title insurers may include their net invest-
18 ment in their title plant.

19 (B) Assets ~~defined by~~ DESCRIBED IN sections 946 and 947
20 THAT ARE ENCUMBERED WITH PRIOR LIENS SHALL NOT BE USED TO SATISFY
21 THE REQUIREMENTS OF SUBSECTION (1). UNENCUMBERED ASSETS
22 DESCRIBED IN sections 946 and 947 shall not be used to satisfy
23 more than 20% of ~~this requirement~~ THE REQUIREMENTS OF
24 SUBSECTION (1).

25 (3) The sum of the liabilities and reserves COMPUTED FOR
26 PURPOSES OF THIS SECTION may be reduced by 1 or more of the
27 following:

1 (a) A reinsurance balance recoverable or other credit due
2 from a reinsurer that complies with ~~rule 402 of the general~~
3 ~~rules of the insurance bureau, being R 500.402 of the Michigan~~
4 ~~administrative code, or other applicable rule~~ EXISTING OR OTHER
5 APPLICABLE RULES OR ORDERS promulgated OR ISSUED by the commis-
6 sioner, to the extent that the balance recoverable or other
7 credit due may be used to offset a liability as authorized in an
8 insurer's annual statement concerning its affairs filed pursuant
9 to section 438.

10 (b) Policy loans secured by policies included in the liabil-
11 ities and reserves but not in excess of the cash surrender value
12 of the policies.

13 (c) Premium notes secured by letters of credit, security
14 trust funds, or unearned premium reserves.

15 (d) The net amount of ~~life~~ insurance premiums and annuity
16 considerations BOOKED BUT deferred and ~~uncollected~~ NOT YET
17 DUE. Reduction under this subdivision shall not be allowed for
18 credit life and credit accident and health premiums deferred and
19 uncollected, whether individual or group, except as allowed pur-
20 suant to subdivision (e).

21 (e) ~~Agents' balances or uncollected premiums owed directly~~
22 ~~to the insurer or owed indirectly to the insurer through an~~
23 ~~affiliated or controlled person, including credit insurance pre-~~
24 ~~miums, whether individual or group, other than amounts by which~~
25 ~~liabilities may be reduced in accordance with subdivision (d),~~
26 ~~from an agent, agency, policyholder, or other person, subject to~~
27 ~~the following conditions:~~ AMOUNTS RECEIVABLE FROM AN AGENT OR

1 AGENCY THAT DOES NOT HAVE CONTROL OF MORE THAN 10% OF ALL THE
2 INSURER'S AGENTS' BALANCES, AND THAT IS NOT AFFILIATED WITH THE
3 INSURER AS PRESCRIBED IN SUBSECTION (7), ON POLICIES WITH AN
4 EFFECTIVE DATE NOT MORE THAN 1 MONTH OLD TO THE EXTENT THAT THE
5 AMOUNTS ARE OFFSET BY UNEARNED PREMIUM RESERVES ON THE SAME
6 POLICIES.

7 ~~(i) This reduction shall only be allowed for agents' bal-~~
8 ~~ances or uncollected premiums not due from an agent, agency, pol-~~
9 ~~icyholder, or other person for more than 3 months.~~

10 ~~(ii) This reduction shall only be allowed as to the amount~~
11 ~~due from each agent, agency, policyholder, or other person to the~~
12 ~~extent that the balance or uncollected premium does not exceed~~
13 ~~10% of the sum of the insurer's liabilities and minimum capital~~
14 ~~or minimum surplus.~~

15 ~~(iii) The total amount by which the receivable from all~~
16 ~~agents, agencies, single policyholders, or other persons, net of~~
17 ~~ceded balances payable, exceeds 40% of the insurer's surplus as~~
18 ~~regards policyholders shall not be used to reduce liabilities~~
19 ~~under this subdivision. Premiums, agents' balances, and install-~~
20 ~~ments booked but deferred and not yet due are excluded from the~~
21 ~~40% limitation.~~

22 (F) AMOUNTS RECEIVABLE FROM A PERSON TO THE EXTENT THE
23 AMOUNTS OFFSET LIABILITIES OR AMOUNTS PAYABLE TO THAT PERSON.
24 RECEIVABLES AND PAYABLES WITH RESPECT TO REINSURANCE MAY BE
25 ALLOWED SO LONG AS THE REINSURANCE CONTRACT HAS A RIGHT OF OFFSET
26 PROVISION. A REDUCTION UNDER THIS SUBDIVISION SHALL NOT BE

1 ALLOWED FOR AGENTS' BALANCES OR UNCOLLECTED PREMIUMS AS DEFINED
2 BY SUBDIVISION (E).

3 (4) ~~(f)~~ Assets, liabilities, and reserves under ~~this~~
4 subsection (1) shall exclude assets, liabilities, and reserves
5 included in separate accounts established in accordance with
6 section 925. The value of income due and accrued in respect to
7 these assets may be included in the total amount. The assets
8 shall not be valued at more than the actual value as ascertained
9 in a manner approved by the commissioner, except those assets
10 ~~defined by~~ DESCRIBED IN sections 912, 914, 918, 934, 938, and
11 942 ~~which~~ THAT have a fixed term and rate, if amply secured and
12 not in default as to principal and interest AND IF OF INVESTMENT
13 QUALITY AS DEFINED BY THE COMMISSIONER may be valued as follows:
14 if purchased at par, the par value; if purchased above or below
15 par, on the basis of the purchase price adjusted so as to bring
16 the value to par at maturity and so as to yield in the meantime
17 the effective rate of interest at which the purchase was made.
18 The purchase price shall not be taken at a higher figure than the
19 actual market value at the time of purchase.

20 ~~(g) Amounts receivable from a person to the extent such~~
21 ~~amounts offset liabilities or amounts payable to that person.~~
22 ~~Receivables and payables with respect to reinsurance may be~~
23 ~~allowed so long as the reinsurance contract has a right of offset~~
24 ~~provision. A reduction under this subdivision shall not be~~
25 ~~allowed for agents' balances or uncollected premiums as defined~~
26 ~~by subdivision (e).~~

1 (5) ~~-(h)-~~ The commissioner may promulgate rules pursuant to
 2 the administrative procedures act of 1969, Act No. 306 of the
 3 Public Acts of 1969, being sections 24.201 to 24.328 of the
 4 Michigan Compiled Laws, to permit other assets not specifically
 5 ~~defined~~ DESCRIBED in this section to be used as qualified
 6 assets for purposes of ~~this~~ subsection (1), as long as the
 7 assets are financially equivalent to those assets ~~defined~~
 8 DESCRIBED in sections 910 to 947.

9 (6) ~~-(2)-~~ The assets required by subsection (1) shall not
 10 include more than 5% of ~~such~~ THE assets invested in, loaned to,
 11 receivable from, secured by, leased or rented to, or deposited
 12 with 1 person OR 1 GROUP OF AFFILIATED PERSONS or invested in 1
 13 parcel of real estate. THIS RESTRICTION DOES NOT APPLY TO MORT-
 14 GAGE RELATED SECURITIES ISSUED BY THE FEDERAL HOME LOAN MORTGAGE
 15 CORPORATION OR THE FEDERAL NATIONAL MORTGAGE ASSOCIATION. This
 16 restriction ~~shall~~ DOES not apply to ~~funds deposited with or~~
 17 ~~cash in banks, savings and loan institutions, or credit unions,~~
 18 ~~or obligations of the United States or any state, or agencies or~~
 19 ~~instrumentalities of the United States or any state, if~~ THE
 20 EXTENT THAT the principal and interest are fully guaranteed by
 21 the United States or any state. This restriction ~~shall~~ DOES
 22 not apply to ~~cash or cash equivalent, including certificates of~~
 23 ~~deposit in chartered banks. In the case of~~ ASSETS INVESTED IN,
 24 LOANED TO, RECEIVABLE FROM, SECURED BY, LEASED OR RENTED TO, OR
 25 DEPOSITED WITH AN AFFILIATE OF THE INSURER THAT IS AUTHORIZED TO
 26 TRANSACT INSURANCE. FOR an alien insurer ~~which~~ THAT is an
 27 insurer authorized to transact the business of life insurance,

1 for purposes of this subsection the term "assets" means the total
2 assets of ~~such~~ THE insurer, excluding assets included in sepa-
3 rate accounts, as reported in the total business annual statement
4 filed by the insurer with its domiciliary authority.

5 (7) ~~(3)~~ The assets referred to in subsection (1) ~~may~~
6 SHALL NOT include assets invested in, loaned to, receivable from,
7 secured by, leased or rented to, or deposited with a person that
8 is, directly or indirectly, owned or controlled by the insurer or
9 that, directly or indirectly, owns, controls, or is affiliated
10 with the insurer AS CONTROL IS DEFINED IN SECTION 115, EXCEPT
11 THAT AMOUNTS RECEIVABLE FROM, SECURED BY, LEASED OR RENTED TO, OR
12 DEPOSITED WITH AN INSURER AFFILIATED WITH THE INSURER MAY BE
13 INCLUDED IF ITS AFFILIATED INSURER COMPLIES WITH THIS SECTION.
14 ~~Two persons shall be considered to be affiliated if they are~~
15 ~~both owned or controlled, directly or indirectly, by the same~~
16 ~~person or by the same group of persons. Control shall be pre-~~
17 ~~sumed to exist if a person, directly or indirectly, owns, con-~~
18 ~~trols, holds with the power to vote, or holds proxies, represent-~~
19 ~~ing 10% or more of the voting securities of any other person, or~~
20 ~~in the case of a mutual insurer, owns 10% or more of the mutual~~
21 ~~insurer's policyholders' surplus through surplus notes, guarantee~~
22 ~~fund certificates, or other evidences of indebtedness issued by~~
23 ~~the mutual insurer.~~

24 ~~(4) The value of controlled, owned, or affiliated entities,~~
25 ~~for purposes of subsection (1), shall be calculated in accordance~~
26 ~~with the following conditions and limitations:~~

1 ~~(a) If the owned, affiliated, or controlled entity is an~~
2 ~~insurer, the entity will be permitted as an asset only if the~~
3 ~~entity is licensed to transact the business of insurance in this~~
4 ~~state or, if not licensed to transact the business of insurance~~
5 ~~in this state, if it possesses the qualifications to become~~
6 ~~licensed in this state. The value of an affiliated or controlled~~
7 ~~insurance subsidiary shall be the value of assets in excess of~~
8 ~~liabilities as determined pursuant to this section prorated to~~
9 ~~reflect the extent of the insurer's ownership or equity partici-~~
10 ~~pation with the entity.~~

11 ~~(b) If the owned, affiliated, or controlled entity is not an~~
12 ~~insurer, the value of the entity shall be assets in excess of all~~
13 ~~liabilities to the extent that the assets comply with~~
14 ~~sections 910 to 947. The value shall be prorated to reflect the~~
15 ~~insurer's ownership or equity participation in the entity.~~
16 ~~However, if an insurer can demonstrate to the satisfaction of the~~
17 ~~commissioner that other assets of this owned, affiliated, or con-~~
18 ~~trolled entity are at least as secure as assets which comply with~~
19 ~~sections 910 to 947, the assets may be included in calculating~~
20 ~~the value of the entity.~~

21 ~~(5) The amount for contingencies required by subsection (1)~~
22 ~~shall be calculated in accordance with the following:~~

23 ~~(a) The amount for contingencies required by subsection (1)~~
24 ~~for insurers, other than an insurer authorized to transact life~~
25 ~~insurance and an insurer transacting only title insurance, shall~~
26 ~~equal the net premiums written in excess of 3.5 times the~~
27 ~~insurer's surplus as regards policyholders reported by the~~

~~1 insurer in its current statement of financial condition filed
2 with the commissioner.~~

~~3 (b) For purposes of this section, net premiums written shall
4 equal gross premiums less return premiums, including policy and
5 membership fees written during the year, plus all premiums
6 assumed through reinsurance, less premiums ceded through
7 reinsurance.~~

~~8 (c) The 3.5 to 1 limitation, for those insurers required to
9 file financial statements other than on an annual basis, shall be
10 calculated by annualizing the net premiums as reported for
11 interim statements. An even premium volume shall be assumed
12 unless the insurer demonstrates to the satisfaction of the com-
13 missioner that another method will more accurately reflect the
14 insurer's projected annual premium volume. However, an alterna-
15 tive projection method which utilizes a projection factor for
16 surplus as regards policyholders shall not be acceptable.~~

~~17 (d) The amount for contingencies referred to in this section
18 for insurers authorized to transact life insurance and insurers
19 transacting only title insurance shall equal zero.~~

~~20 (e) Two or more insurers authorized to transact insurance in
21 this state may compute the amount for contingencies referred to
22 in this section on a consolidated basis and prorate the total
23 amount for contingencies to each insurer in proportion to the
24 premiums earned by each insurer, if either of the following con-
25 ditions exist:~~

1 ~~(i) The insurers are affiliated through ownership, where~~
2 ~~each insurer is wholly owned by or wholly owns 1 or more of the~~
3 ~~other insurers in the group.~~

4 ~~(ii) The insurers pool substantially all their business with~~
5 ~~each other and the commissioner certifies that the computation on~~
6 ~~a consolidated basis will more accurately reflect the financial~~
7 ~~condition and affairs of the insurers.~~

8 (8) NOTWITHSTANDING THE LIMITATIONS IN SUBSECTIONS (6) AND
9 (7), THE ASSETS REQUIRED BY SUBSECTION (1) MAY INCLUDE THE VALUE
10 OF AMOUNTS INVESTED IN OR LOANED TO AN AFFILIATE AUTHORIZED TO
11 TRANSACT INSURANCE IN AN AMOUNT EQUAL TO THE ASSETS DESCRIBED IN
12 SUBSECTION (1), AS LIMITED BY SUBSECTIONS (6) AND (7), HELD BY
13 THE AFFILIATE AND IN EXCESS OF THE AMOUNT OF ASSETS REQUIRED FOR
14 THE AFFILIATE BY SUBSECTION (1), PRORATED TO REFLECT THE EXTENT
15 OF THE INSURER'S INVESTMENT IN OR LOANS TO THE AFFILIATE.

16 (9) ~~(f) An insurer may write premiums in excess of the~~
17 ~~ratio prescribed in subdivision (c) without incurring a contin-~~
18 ~~gency reserve penalty~~ COMPLY WITH THIS SECTION if the insurer
19 elects to PROVIDE ALTERNATIVE SECURITY TO MICHIGAN POLICYHOLDERS
20 AND CLAIMANTS SATISFACTORY TO THE COMMISSIONER OR ELECTS TO
21 deposit funds or securities of the kind described in section 912,
22 OR OTHER SECURITIES ACCEPTABLE TO THE COMMISSIONER, registered in
23 the name of the state treasurer of Michigan, designated as exclu-
24 sively held and deposited for the sole benefit of Michigan poli-
25 cyholders, claimants, and creditors pursuant to section 8141a, in
26 an amount, at market value, ~~equal to the greater of~~
27 ~~\$1,000,000.00 or~~ CONSIDERED ADEQUATE BY THE COMMISSIONER TO

1 SECURE MICHIGAN POLICYHOLDERS, BUT NOT LESS THAN THE GREATER OF
2 the aggregate sum of 100% of Michigan direct unpaid losses and
3 unpaid loss adjustment expense plus 100% of Michigan direct
4 unearned premiums OR THE DIRECT PREMIUMS WRITTEN IN MICHIGAN
5 DURING THE MOST RECENT 12 MONTHS AVAILABLE IN FILED STATEMENTS.
6 Direct unpaid losses and unpaid loss adjustment expenses shall
7 include a provision for incurred but not reported losses and
8 associated loss adjustment expense. The deposit shall be a spe-
9 cial deposit and shall be subject to special deposit claims for
10 the benefit of Michigan policyholders and claimants pursuant to
11 section 8141a. The deposit of funds required by this
12 ~~subdivision~~ SUBSECTION shall be increased by adjustment each
13 quarter. A decrease to the deposited fund may be made annually
14 only upon a satisfactory showing by the insurer to the commis-
15 sioner that a decrease in the deposit is justified. The commis-
16 sioner may require the special deposits set forth in this subsec-
17 tion as a condition for any insurer to transact insurance in this
18 state if the commissioner finds that a special deposit is neces-
19 sary for the protection of Michigan policyholders and claimants.

20 (10) ~~(6)~~ Compliance with subsection (1) is the obligation
21 of each insurer, fund, or fraternal benefit society authorized to
22 transact the business of insurance in this state. Failure to
23 comply shall limit the insurer, fund, or fraternal benefit soci-
24 ety under the remainder of this ~~code~~ ACT. If, at any time fol-
25 lowing compliance with the requirements of this section, an
26 insurer, fund, or fraternal benefit society — fails to maintain
27 compliance, the commissioner shall notify the insurer, fund, or

1 fraternal benefit society that it has failed to maintain
2 compliance with this section. Within 30 business days after
3 notification by the commissioner of noncompliance with the provi-
4 sions of this section, an insurer shall file a plan to restore
5 compliance with this section. Failure of the insurer to file a
6 plan shall create a presumption that the insurer ~~does not meet~~
7 ~~the requirements of this code with respect to surplus and assets~~
8 IS NOT SAFE, RELIABLE, AND ENTITLED TO PUBLIC CONFIDENCE. The
9 commissioner, upon written request by the insurer, may grant a
10 period of time within which to restore compliance. The period of
11 time may be granted only if the commissioner is satisfied the
12 insurer is safe, reliable, and entitled to public confidence; is
13 satisfied the insurer would suffer a material financial loss from
14 an immediate forced conversion of its assets; and approves the
15 plan filed by the insurer for restoring compliance within the
16 time granted. If the plan is not approved by the commissioner,
17 or if the plan is approved, and, at the end of 1 year the insurer
18 still does not comply with the requirements of this section, the
19 commissioner may grant additional time to comply, or the commis-
20 sioner may suspend, revoke, or limit the certificate of authority
21 of the insurer pursuant to section 436.

22 (11) THE REQUIREMENTS OF THIS SECTION CONSTITUTE A DISCREET
23 DETERMINATION OF FINANCIAL SOLIDITY AND LIQUIDITY AND ARE NOT
24 INTENDED TO APPLY TO OTHER PROVISIONS OF THIS ACT WITH RESPECT TO
25 FINANCIAL CONDITION OR TO THE ACCOUNTING PRACTICES AND PROCEDURES
26 GOVERNING THE PREPARATION OF FINANCIAL STATEMENTS PURSUANT TO
27 SECTION 438.

1 Section 2. This amendatory act shall not take effect unless
2 all of the following bills of the 86th Legislature are enacted
3 into law:

4 (a) House Bill No. 5214.

5 (b) House Bill No. 5215.

6 (c) Senate Bill No. 692.

7