



**House
Legislative
Analysis
Section**

Olds Plaza Building, 10th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

TITLE INSURANCE EXCEPTION

House Bill 5194

Sponsor: Rep. Gary L. Randall

Committee: Insurance

Complete to 1-14-94

A SUMMARY OF HOUSE BILL 5194 AS INTRODUCED 11-4-93

The bill would amend the Insurance Code so that a title insurance company's exposure to loss on any one risk or hazard on property located in the state could not exceed 50 percent of the sum of its total surplus to policyholders and reinsurance reserve, minus the value assigned to "title plants". The bill specifies that the 50 percent limitation could be waived by the insurance commissioner upon application of the title insurer and for good cause shown.

The code currently provides that no single risk or hazard of an insurance company could constitute a risk in an amount greater than 10 percent of its paid-up capital and surplus. The code specifies, however, that no portion of a risk or hazard that has been reinsured (in an insurer licensed to do business in the state) is to be included in determining the limitation of risk.

MCL 500.640

House Bill 5194 (1-14-94)