



HOUSE BILL No. 5194

November 4, 1993, Introduced by Reps. Randall and Bender and referred to the Committee on Insurance.

A bill to amend section 640 of Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

as amended by Act No. 182 of the Public Acts of 1992, being section 500.640 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 640 of Act No. 218 of the Public Acts of
2 1956, as amended by Act No. 182 of the Public Acts of 1992, being
3 section 500.640 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 640. (1) ~~An~~ EXCEPT AS PROVIDED IN SUBSECTION (2), AN
6 insurer transacting business in this state shall not expose
7 itself to any loss on any 1 risk or hazard in an amount exceeding
8 10% of its paid-up capital and surplus. However, no portion of a
9 risk or hazard that has been reinsured in an insurer licensed to

1 do insurance business in this state shall be included in
2 determining the limitation of risk prescribed in this section.

3 (2) AN INSURER TRANSACTING TITLE INSURANCE BUSINESS IN THIS
4 STATE SHALL NOT EXPOSE ITSELF TO ANY LOSS ON ANY 1 RISK OR HAZARD
5 ON PROPERTY LOCATED IN THIS STATE IN AN AMOUNT EXCEEDING 50% OF
6 THE SUM OF ITS TOTAL SURPLUS TO POLICYHOLDERS AND REINSURANCE
7 RESERVE, LESS THE VALUE ASSIGNED TO TITLE PLANTS, AS SHOWN IN THE
8 MOST RECENT ANNUAL STATEMENT OF THE TITLE INSURER IN THE OFFICE
9 OF THE COMMISSIONER. THE 50% LIMITATION OF THIS SUBSECTION FOR A
10 PARTICULAR RISK OR HAZARD MAY BE WAIVED BY THE COMMISSIONER UPON
11 APPLICATION OF THE TITLE INSURER AND FOR GOOD CAUSE SHOWN.