

# SENATE BILL No. 500

May 22, 2001, Introduced by Senator SHUGARS and referred to the Committee on Health Policy.

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending section 244 (MCL 500.244), as amended by 1992 PA  
182.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 244. (1) A person aggrieved by a final order, deci-  
2 sion, finding, ruling, opinion, rule, action, or inaction pro-  
3 vided for under this act may seek judicial review in the manner  
4 provided for in chapter 6 of the administrative procedures act of  
5 1969, ~~Act No. 306 of the Public Acts of 1969, being sections~~  
6 ~~24.301 to 24.328~~ 1969 PA 306, MCL 24.301 TO 24.306.

7       (2) An insurer may petition of right for a stay of an order  
8 issued pursuant to sections 436, 436a, AND 437 — or any other  
9 proceeding for the suspension, revocation, or limitation of a  
10 certificate of authority. The petition shall be on an emergency

1 basis to the circuit court for the county in which the insurer  
2 has its principal place of business in the state or to the cir-  
3 cuit court for Ingham county. The petition shall be disposed of  
4 within 14 days. The court shall direct the filing and time of  
5 filing of appropriate pleadings. A court shall not issue a stay  
6 unless the court finds that the issuance of a stay is not hazard-  
7 ous to policyholders, creditors, or the public. The decision of  
8 the court shall be limited to the issue of a stay, and the court  
9 shall not decide the merits of the case, which shall be deter-  
10 mined pursuant to section 437 or to any other provision of this  
11 act under which the proceeding for the suspension, revocation, or  
12 limitation of the certificate of authority is being conducted.

13       (3) An order of a court issuing a stay may be appealed on an  
14 emergency basis, and during the pendency of an appeal the stay  
15 issued shall be without force or effect, unless the insurer  
16 deposits cash or securities pursuant to subsection (4). The  
17 appeal shall be disposed of within 14 days. The court shall  
18 direct the filing and time of filing of appropriate pleadings.  
19 The court may affirm, modify, or set aside the commissioner's  
20 order and restrain the enforcement of the order. To the extent  
21 that the commissioner's order is affirmed, the court shall issue  
22 its own order commanding obedience to the terms of the  
23 commissioner's order.

24       (4) A stay shall not take effect until the insurer has made  
25 deposits of cash or securities of the kinds defined by section  
26 901 with the state treasurer under the supervision of the court  
27 granting the stay in amounts as follows:

1 (a) For a domestic insurer, the total liabilities of the  
2 insurer as computed in accordance with section 901 less the  
3 amounts of special or other deposits already made by the insurer  
4 with the Michigan state treasurer and with any other state pursu-  
5 ant to the requirements of that state.

6 (b) ~~For~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION,  
7 FOR a foreign insurer, ~~100%~~ 125% of the aggregate sum of  
8 Michigan direct unpaid losses and unpaid loss adjustment expenses  
9 plus 100% of Michigan direct unearned premiums less the amount of  
10 any other special deposits already made with the Michigan state  
11 treasurer for the exclusive protection of Michigan policyholders  
12 and creditors. FOR A FOREIGN LIFE OR HEALTH INSURER, 125% OF  
13 MICHIGAN RESERVES AND LIABILITIES FOR POLICIES AND CONTRACTS FOR  
14 WHICH COVERAGE IS PROVIDED BY THE MICHIGAN LIFE AND HEALTH INSUR-  
15 ANCE GUARANTY ASSOCIATION, WITHOUT RESPECT TO THE LIMITATIONS AND  
16 EXCLUSIONS PROVIDED UNDER CHAPTER 77.

17 (c) For an alien insurer entering the United States through  
18 this state, the same as those applied to domestic insurers with  
19 credit given for amounts already held in trust and the amount  
20 shall equal the total liabilities in the United States computed  
21 in accordance with section 901.

22 (5) The deposit and any accrued interest on the deposit  
23 shall be returned to the insurer at the conclusion of the entire  
24 proceedings under section 437 or at the conclusion of such other  
25 proceedings for the suspension, revocation, or limitation of the  
26 certificate of authority and any appeal therefrom, unless those  
27 proceedings result in a finding that all or a portion shall

1 remain on deposit for the protection of Michigan policyholders  
2 and creditors or unless an order of rehabilitation or liquidation  
3 is entered, in which case the deposit shall be turned over to the  
4 liquidator.