

Insurance; insurers; capital and surplus requirement for surplus lines insurers; revise.

INSURANCE: Insurers

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 1920 (MCL 500.1920), as amended by 1994 PA
228.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1920. (1) A licensee shall offer surplus lines insur-
2 ance only to insurers that are in a stable and unimpaired finan-
3 cial condition. An insurer recognized by the commissioner as an
4 eligible surplus lines insurer pursuant to subsection (2) shall
5 be considered to meet the requirements of this subsection.
6 Recognition as an eligible surplus lines insurer shall be condi-
7 tioned upon the insurer's continued compliance with this chapter
8 and rules promulgated under this chapter.
9 (2) An unauthorized insurer may apply for recognition as an
10 eligible surplus lines insurer by filing an application in the

1 form and with the information as reasonably required by the
2 commissioner regarding the insurer's financial stability, reputa-
3 tion, and integrity. The commissioner may delegate to an associ-
4 ation the power to process and to make recommendations on appli-
5 cations for recognition as an eligible surplus lines insurer.
6 Notwithstanding a delegation by the commissioner, an applicant
7 may file an application for recognition directly with the
8 commissioner.

9 (3) The commissioner shall recognize an insurer making an
10 application in accordance with subsection (2) as an eligible sur-
11 plus lines insurer if he or she is satisfied that the insurer is
12 in a stable and unimpaired financial condition and that the
13 insurer is qualified to provide coverage in compliance with this
14 chapter. If filed with full supporting documentation before July
15 1 of any year, an application submitted under subsection (2)
16 shall be acted upon by the commissioner before December 31 of the
17 year of submission.

18 (4) The commissioner shall not recognize an insurer as an
19 eligible surplus lines insurer unless the insurer continuously
20 maintains capital and surplus of at least ~~-\$1,500,000.00-~~
21 \$7,000,000.00, and is safe, reliable, and entitled to public
22 confidence. This subsection shall not be construed to require an
23 alien insurer to file financial statements in the form required
24 of authorized insurers under section 438. However, each alien
25 applicant shall have current financial data filed with the
26 national association of insurance commissioners.

1 (5) If the commissioner considers it necessary, he or she
2 may request information about or examine the affairs of any
3 eligible unauthorized insurer, at the expense of the insurer
4 except as provided in sections 1905 and 1951, to determine
5 whether the insurer should continue to remain on the list of eli-
6 gible surplus lines insurers. If the commissioner finds that it
7 is in the public interest to remove an insurer from the list
8 because the insurer no longer meets the requirements of this
9 chapter or is no longer qualified to provide coverage under this
10 chapter, the commissioner shall do so without the necessity of a
11 hearing.