

Act No. 272
Public Acts of 2001
Approved by the Governor
January 11, 2002
Filed with the Secretary of State
January 11, 2002
EFFECTIVE DATE: January 11, 2002

**STATE OF MICHIGAN
91ST LEGISLATURE
REGULAR SESSION OF 2001**

Introduced by Senator Shugars

ENROLLED SENATE BILL No. 500

AN ACT to amend 1956 PA 218, entitled "An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and associations and the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and to prescribe the conditions on which companies and associations organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, associations, risk retention groups, and purchasing groups engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations and the state accident fund; to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on risk retention groups and purchasing groups; to provide for the imposition of a tax on the business of surplus line agents; to provide for the imposition of regulatory fees on certain insurers; to modify tort liability arising out of certain accidents; to provide for limited actions with respect to that modified tort liability and to prescribe certain procedures for maintaining those actions; to require security for losses arising out of certain accidents; to provide for the continued availability and affordability of automobile insurance and homeowners insurance in this state and to facilitate the purchase of that insurance by all residents of this state at fair and reasonable rates; to provide for certain reporting with respect to insurance and with respect to certain claims against uninsured or self-insured persons; to prescribe duties for certain state departments and officers with respect to that reporting; to provide for certain assessments; to establish and continue certain state insurance funds; to modify and clarify the status, rights, powers, duties, and operations of the nonprofit malpractice insurance fund; to provide for the departmental supervision and regulation of the insurance and surety business within this state; to provide for regulation over worker's compensation self-insurers; to provide for the conservation, rehabilitation, or liquidation of unsound or insolvent insurers; to provide for the protection of policyholders, claimants, and creditors of unsound or insolvent insurers; to provide for associations of insurers to protect policyholders and claimants in the event of insurer insolvencies; to prescribe educational requirements for insurance agents and solicitors; to provide for the regulation of multiple employer welfare arrangements; to create an automobile theft prevention authority to reduce the number of automobile thefts in this state; to prescribe the powers and duties of the automobile theft prevention authority; to provide certain powers and duties upon certain officials, departments, and authorities of this state; to repeal acts and parts of acts; and to provide penalties for the violation of this act," by amending section 244 (MCL 500.244), as amended by 1992 PA 182.

The People of the State of Michigan enact:

Sec. 244. (1) A person aggrieved by a final order, decision, finding, ruling, opinion, rule, action, or inaction provided for under this act may seek judicial review in the manner provided for in chapter 6 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.301 to 24.306.

(2) An insurer may petition of right for a stay of an order issued pursuant to sections 436, 436a, and 437 or any other proceeding for the suspension, revocation, or limitation of a certificate of authority. The petition shall be on an emergency basis to the circuit court for the county in which the insurer has its principal place of business in the state or to the circuit court for Ingham county. The petition shall be disposed of within 14 days. The court shall direct the filing and time of filing of appropriate pleadings. A court shall not issue a stay unless the court finds that the issuance of a stay is not hazardous to policyholders, creditors, or the public. The decision of the court shall be limited to the issue of a stay, and the court shall not decide the merits of the case, which shall be determined pursuant to section 437 or to any other provision of this act under which the proceeding for the suspension, revocation, or limitation of the certificate of authority is being conducted.

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

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

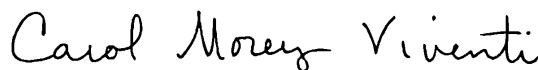
(a) For a domestic insurer, the total liabilities of the insurer as computed in accordance with section 901 less the amounts of special or other deposits already made by the insurer with the Michigan state treasurer and with any other state pursuant to the requirements of that state.

(b) Except as otherwise provided in this subdivision, for a foreign insurer, 125% of the aggregate sum of Michigan direct unpaid losses and unpaid loss adjustment expenses plus 100% of Michigan direct unearned premiums less the amount of any other special deposits already made with the Michigan state treasurer for the exclusive protection of Michigan policyholders and creditors. For a foreign life or health insurer, 125% of Michigan reserves and liabilities for policies and contracts for which coverage is provided by the Michigan life and health insurance guaranty association, without respect to the limitations and exclusions provided under chapter 77.

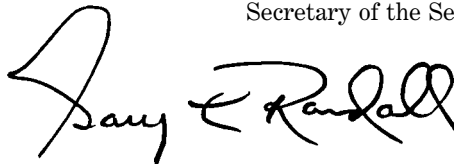
(c) For an alien insurer entering the United States through this state, the same as those applied to domestic insurers with credit given for amounts already held in trust and the amount shall equal the total liabilities in the United States computed in accordance with section 901.

(5) The deposit and any accrued interest on the deposit shall be returned to the insurer at the conclusion of the entire proceedings under section 437 or at the conclusion of such other proceedings for the suspension, revocation, or limitation of the certificate of authority and any appeal therefrom, unless those proceedings result in a finding that all or a portion shall remain on deposit for the protection of Michigan policyholders and creditors or unless an order of rehabilitation or liquidation is entered, in which case the deposit shall be turned over to the liquidator.

This act is ordered to take immediate effect.



Secretary of the Senate.



Clerk of the House of Representatives.

Approved _____

Governor.