

**BAIL BOND SURETY COMPANY:  
CAPITAL AND SURPLUS**

**House Bill 5281**  
**Sponsor: Rep. Mickey Mortimer**  
**Committee: Insurance**

**Complete to 1-16-04**

**A SUMMARY OF HOUSE BILL 5281 AS INTRODUCED 11-6-03**

The bill would amend the Insurance Code to establish the amount of unimpaired capital and surplus required of an out-of-state bail bond surety company owned by a Michigan-domiciled holding company to ensure that the company is safe, reliable, and entitled to public confidence. After February 1, 2004, such a company that is in good standing in its state of domicile would have to possess and thereafter maintain unimpaired capital and surplus in an amount determined adequate by the insurance commissioner, but no less than \$4.5 million. In addition, the company would be required to have at least \$3 million in current guarantees and security with respect to bail bonds issued in states in which it was authorized to conduct business.

The insurance commissioner (actually, the commissioner of the Office of Financial and Insurance Services, or OFIS) would have to take into account the risk-based capital requirements developed by the National Association of Insurance Commissioners (NAIC) and the claims history of Michigan bail bonds issued by the licensed bail bond agencies for which the company was to be issuing bail bonds in the state in order to determine adequate compliance with the requirement in Section 403 of the Insurance Code that companies be considered safe, reliable, and entitled to public confidence in order to be authorized to conduct business in the state.

MCL 500.410a

House Bill 5281 (1-16-04)

Analyst: C. Couch

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