

HOUSE BILL No. 6226

June 20, 2006, Introduced by Rep. Mortimer and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 8124 (MCL 500.8124), as added by 1989 PA 302.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 8124. (1) Upon issuance of an order appointing a
2 liquidator of a domestic insurer or of an alien insurer domiciled
3 in this state, an action at law or equity shall not be brought
4 against the insurer or liquidator, whether in this state or
5 elsewhere, and any such existing action shall not be maintained or
6 further presented after issuance of such order. The courts of this
7 state shall give full faith and credit to injunctions against the
8 liquidator or the company or the continuation of existing actions
9 against the liquidator or the company, if such injunctions are

1 included in an order to liquidate an insurer issued pursuant to
2 corresponding provisions in other states. If, in the liquidator's
3 judgment, protection of the estate of the insurer necessitates
4 intervention in an action against the insurer that is pending
5 outside this state, he or she may intervene in the action. The
6 liquidator may defend an action in which he or she intervenes under
7 this section at the expense of the estate of the insurer.

8 (2) The liquidator may, upon or after an order for
9 liquidation, within 2 years or such time in addition to 2 years as
10 applicable law may permit, institute an action or proceeding on
11 behalf of the estate of the insurer upon any cause of action
12 against which the period of limitation fixed by applicable law has
13 not expired at the time of the filing of the petition upon which
14 the order is entered. If, by agreement, a period of limitation is
15 fixed for instituting a suit or proceeding upon a claim, or for
16 filing a claim, proof of claim, proof of loss, demand, notice, or
17 the like, or if in a proceeding, judicial or otherwise, a period of
18 limitation is fixed, either in the proceeding or by applicable law,
19 for taking action, filing a claim or pleading, or doing any act,
20 and the period had not expired at the date of the filing of the
21 petition, the liquidator may, for the benefit of the estate, take
22 action or do an act required of or permitted to the insurer within
23 a period of 180 days subsequent to the entry of an order for
24 liquidation, or within such further period as is shown to the
25 satisfaction of the court not to be unfairly prejudicial to the
26 other party.

27 (3) A statute of limitation or defense of laches shall not run

1 with respect to an action against an insurer between the filing of
2 a petition for liquidation against an insurer and the denial of the
3 petition. An action against the insurer that might have been
4 commenced when the petition was filed may be commenced at least
5 within 60 days after the petition is denied.

6 ~~—— (4) A guaranty association or foreign guaranty association~~
7 ~~shall have standing to appear in a court proceeding concerning the~~
8 ~~liquidation of an insurer if the association is or may become~~
9 ~~liable to act as a result of the liquidation.~~

10 Enacting section 1. This amendatory act does not take effect
11 unless all of the following bills of the 93rd Legislature are
12 enacted into law:

13 (a) Senate Bill No.____ or House Bill No. 6235(request no.
14 07127'06).

15 (b) Senate Bill No.____ or House Bill No. 6234(request no.
16 07128'06).

17 (c) Senate Bill No.____ or House Bill No. 6233(request no.
18 07129'06).

19 (d) Senate Bill No.____ or House Bill No. 6232(request no.
20 07130'06).

21 (e) Senate Bill No.____ or House Bill No. 6231(request no.
22 07131'06).

23 (f) Senate Bill No.____ or House Bill No. 6230(request no.
24 07132'06).

25 (g) Senate Bill No.____ or House Bill No. 6229(request no.
26 07133'06).

27 (h) Senate Bill No.____ or House Bill No. 6228(request no.

1 07134'06).

2 (i) Senate Bill No.____ or House Bill No. 6227(request no.
3 07135'06).

4 (j) Senate Bill No.____ or House Bill No. 6225(request no.
5 07137'06).

6 (k) Senate Bill No.____ or House Bill No. 6224(request no.
7 07138'06).

8 (l) Senate Bill No.____ or House Bill No. 6223(request no.
9 07139'06).