

HOUSE BILL No. 6229

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 7941 (MCL 500.7941), as amended by 1990 PA 137.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7941. (1) To the extent necessary to secure funds for the
2 association for payment of covered claims and for payment of
3 reasonable costs of administering the association, including the
4 cost of indemnifying members of the board of governors, other
5 member insurers, officers, employees, and other persons acting on
6 behalf of the association to the extent permitted by law and the
7 plan of ~~the~~ operation, the association shall levy assessments
8 upon all member insurers. The association shall allocate its claim

1 payments and costs to the following 5 categories:

2 (a) Worker's compensation insurance.

3 (b) Automobile insurance.

4 (c) Title insurance.

5 (d) Fire, allied lines, farm owner's multiple peril,
6 homeowner's multiple peril, inland marine, earthquake, and credit
7 insurance.

8 (e) All other kinds of insurance except life and disability
9 insurance.

10 (2) Separate assessments shall be made for each category
11 prescribed in subsection (1). The assessment for each category
12 shall be used to pay the claim payments and costs allocated to that
13 category. The assessment for each category shall be in proportion
14 to the net direct premiums written, after deducting dividends paid
15 or credited to policyholders, by each member insurer in this state
16 for kinds of insurance included within each category, as reported
17 in the most recent annual statement available at the time of
18 assessment. The rate of assessment shall be a uniform percentage of
19 the premiums for all member insurers. The assessments shall be
20 remitted to and administered by the association in accordance with
21 the plan of operation. Each member insurer assessed shall have not
22 less than 30 days' advance written notice of the date the
23 assessment is due and payable.

24 (3) A member insurer shall not be assessed during a calendar
25 year for more than 1% of its net direct premiums written in this
26 state during the previous calendar year. The commissioner may
27 exempt a member insurer from all or part of an assessment or may

1 defer, in whole or in part, the assessment of a member insurer, if
2 the assessment would cause the member insurer's financial statement
3 to reflect amounts of capital or surplus less than the minimum
4 amounts required for a certificate of authority by any jurisdiction
5 in which the member insurer is authorized to transact insurance.
6 However, during the period of exemption or deferment, dividends
7 shall not be declared or paid to shareholders or policyholders. If
8 a member insurer is exempted from all or part of an assessment, or
9 if an assessment against a member insurer is deferred in whole or
10 in part, the amount of the exemption or deferred assessment may be
11 assessed against the other member insurers in a manner consistent
12 with the basis for assessments prescribed in this section. The
13 commissioner may impose conditions on an exemption or deferral
14 which he or she considers reasonable and necessary. ~~The state~~
15 ~~accident fund shall not be liable for any assessment based on~~
16 ~~premiums written after the effective date of this 1990 amendatory~~
17 ~~act including any assessment for an insolvency occurring before the~~
18 ~~date of termination of its membership in the association.~~

19 (4) The assessments shall be recognized in the rate-making
20 procedures for insurance rates in the same manner that expenses and
21 premium taxes are recognized. Unused assessments and reimbursements
22 from the receiver remaining in a category in excess of covered
23 claims and expenses allocated to that category shall be refunded by
24 the association to each member insurer who paid the assessments for
25 that category in proportion to its assessments paid. An insurer
26 ~~which~~ **THAT** ceases to be a member of the association shall not have
27 a right to a refund of an assessment previously remitted to the

1 association. The commissioner may revoke the certificate of
2 authority to transact business in this state of a member insurer
3 ~~which~~ **THAT** fails to pay an assessment when due as provided in this
4 act and after a demand has been made.

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

8 (a) Senate Bill No.____ or House Bill No. 6235(request no.
9 07127'06).

10 (b) Senate Bill No.____ or House Bill No. 6234(request no.
11 07128'06).

12 (c) Senate Bill No.____ or House Bill No. 6233(request no.
13 07129'06).

14 (d) Senate Bill No.____ or House Bill No. 6232(request no.
15 07130'06).

16 (e) Senate Bill No.____ or House Bill No. 6231(request no.
17 07131'06).

18 (f) Senate Bill No.____ or House Bill No. 6230(request no.
19 07132'06).

20 (g) Senate Bill No.____ or House Bill No. 6228(request no.
21 07134'06).

22 (h) Senate Bill No.____ or House Bill No. 6227(request no.
23 07135'06).

24 (i) Senate Bill No.____ or House Bill No. 6226(request no.
25 07136'06).

26 (j) Senate Bill No.____ or House Bill No. 6225(request no.
27 07137'06).

1 (k) Senate Bill No.____ or House Bill No. 6224(request no.
2 07138'06).

3 (l) Senate Bill No.____ or House Bill No. 6223(request no.
4 07139'06).