

HOUSE BILL No. 5148

November 13, 2013, Introduced by Reps. Hovey-Wright, Leonard, Glardon, Goike, Segal and Cochran and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 912 and 924 (MCL 500.912 and 500.924), as
amended by 2002 PA 462.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 912. (1) Qualified assets for purposes of section 901
2 include all of the following:

3 (a) In the bonds or other evidences of indebtedness of the
4 United States ~~, or of the dominion of~~ Canada, or any state,
5 province, ~~or~~ territory, or public instrumentality of the United
6 States ~~, or the dominion of~~ Canada, or in the valid public debt,
7 bonds, or other evidence of indebtedness of any city, county,
8 township, village, school district, or any other political

1 subdivision having the power to levy taxes ~~—OR~~ of any state or
 2 territory of the United States or province of ~~the dominion of~~
 3 Canada, if the state, province, municipality, or other political
 4 subdivision has not, in the 3 years preceding the time of ~~such~~ **THE**
 5 investment, failed to pay its debt or any part of its debt, ~~or~~ the
 6 interest due on the debt, or any part of the interest due on the
 7 debt. Delay, not exceeding 6 months, in the payment of any
 8 installment of principal or interest ~~shall not be construed as~~ **IS**
 9 **NOT CONSIDERED** failure to pay.

10 (b) In the bonds or other evidences of indebtedness of any
 11 political subdivision of the United States, ~~or~~ any state or county
 12 in the United States, ~~or~~ any agency, public instrumentality, or
 13 authority created by the United States, or any state or county in
 14 the United States ~~—or~~ any political subdivision of the state or
 15 county, if, by statutory or other legal requirements, those
 16 obligations are payable, as to both principal and interest, from
 17 adequate special revenues pledged or otherwise appropriated or by
 18 law required to be provided for the purpose of payment.

19 (c) In governmental **BONDS OR GOVERNMENTAL** securities of this
 20 or any foreign government, or governmental subdivisions or
 21 authorities or instrumentalities, not otherwise provided for in
 22 this section subject to the limitations in subdivisions (a) and (b)
 23 prescribed for other governmental securities.

24 (2) A domestic insurer's investment in governmental securities
 25 is subject to the limitations in section 901(2)(f).

26 Sec. 924. Qualified assets for purposes of section 901 include
 27 preferred stocks of any company organized under the laws of the

1 United States, a state of the United States, ~~or~~ the District of
2 Columbia, **CANADA, OR A PROVINCE OR TERRITORY OF CANADA**, if the
3 company has continuously and regularly paid the dividends provided
4 for by the preferred stock during the 5 years preceding the
5 investment; except that with respect to preferred stocks issued
6 within the 5-year period, the dividend payments requirement applies
7 only from the date of issuance, and in those cases the net earnings
8 of the company and its subsidiaries available for fixed charges of
9 the company and its subsidiaries and the net earnings of any
10 predecessor organizations and their subsidiaries, if any, available
11 for fixed charges of the predecessor organizations and their
12 subsidiaries, must have averaged an amount per annum for the 5
13 fiscal years preceding the making of the investment at least equal
14 to 2 times the total of the annual interest charges, ~~including~~
15 amortization of debt discount and expense, ~~and~~ dividends
16 guaranteed, if any, and the preferred dividend requirement on a pro
17 forma basis.