

Act No. 264  
Public Acts of 2022  
Approved by the Governor  
December 22, 2022  
Filed with the Secretary of State  
December 22, 2022  
EFFECTIVE DATE: Sine Die

**STATE OF MICHIGAN  
101ST LEGISLATURE  
REGULAR SESSION OF 2022**

Introduced by Reps. Calley, Beeler, Harris, Steenland, Borton, Anthony and Sneller

## **ENROLLED HOUSE BILL No. 6303**

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 provide for assessment fees on certain health maintenance organizations; 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 provide for an appropriation; to repeal acts and parts of acts; and to provide penalties for the violation of this act,” (MCL 500.100 to 500.8302) by adding section 1341a.

*The People of the State of Michigan enact:*

Sec. 1341a. (1) In addition to investments in common stock, preferred stock, debt obligations, and other securities permitted under this chapter, and except as otherwise provided in this section, a domestic insurer may invest in common stock, preferred stock, debt obligations, and other securities of 1 or more subsidiaries, amounts that do not exceed the lesser of 10% of the insurer’s assets or 50% of the insurer’s surplus with regard to

policyholders, if after the investments, the insurer's surplus with regard to policyholders will be reasonable in relation to the insurer's outstanding liabilities and adequate to meet its financial needs.

(2) In calculating the amount described in subsection (1), any investment in domestic or foreign insurance subsidiaries, licensed third-party administrators, and domestic health maintenance organizations must be excluded from the calculation and both of the following must be included in the calculation:

(a) Total net monies or other consideration expended and obligations assumed in the acquisition or formation of a subsidiary, including all organizational expenses and contributions to capital and surplus of the subsidiary whether or not represented by the purchase of capital stock or issuance of other securities.

(b) All amounts expended in acquiring additional common stock, preferred stock, debt obligations, and other securities, and all contributions to the capital or surplus of a subsidiary subsequent to its acquisition or formation.

(3) With the approval of the director, an insurer may invest a greater amount than prescribed by subsection (1) in common stock, preferred stock, debt obligations, or other securities of 1 or more subsidiaries, if after the investment the insurer's surplus with regard to policyholders will be reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs.

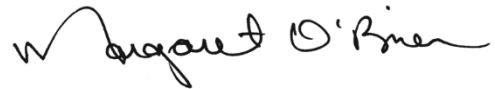
(4) All existing investments held on or before the effective date of the amendatory act that added this section comply with this section and do not count toward the limits prescribed by subsection (1) if held by an insurer that writes only premium in this state or that is a nonprofit insurer statutorily prohibited from converting to a mutual holding company under chapter 60. Any additional amounts expended in the investments are subject to the requirements of this section except for any additional amounts expended by or in existing investments held by any nonprofit insurer that is statutorily prohibited from converting to a mutual holding company under chapter 60. An investment in new subsidiaries after the effective date of the amendatory act that added this section by a nonprofit insurer statutorily prohibited from converting to a mutual holding company that exceeds the thresholds prescribed by subsection (1) is subject to the approval of the director.

Enacting section 1. This amendatory act does not take effect unless all of the following bills of the 101st Legislature are enacted into law:

- (a) House Bill No. 6297.
- (b) House Bill No. 6299.
- (c) House Bill No. 6301.
- (d) House Bill No. 6302.
- (e) House Bill No. 6300.
- (f) House Bill No. 6298.



Clerk of the House of Representatives



Secretary of the Senate

Approved \_\_\_\_\_

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Governor