

HOUSE BILL NO. 6099

November 13, 2024, Introduced by Reps. Tsernoglou, Brenda Carter, Young, Pohutsky, McFall, O'Neal, Tyrone Carter, Neeley, Morgan, Dievendorf, McKinney, Fitzgerald, Brabec and Scott and referred to the Committee on Insurance and Financial Services.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 4665 (MCL 500.4665), as added by 2008 PA 29.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4665. A sponsor of a sponsored captive insurance company
2 ~~shall **must** be an insurer authorized pursuant to the laws of a state~~
3 ~~or the District of Columbia, an insurance holding company that~~
4 ~~controls an insurer authorized pursuant to the laws of a state or~~
5 ~~the District of Columbia and subject to registration pursuant to~~
6 ~~the insurance holding company system laws of the state of domicile~~

~~of the insurer, a reinsurer authorized or approved pursuant to the laws of a state or the District of Columbia, or a captive insurance company authorized pursuant to~~ **a person approved by the director in the exercise of the director's discretion, based on a determination that the approval of the person as a sponsor is consistent with the purposes of this chapter. In evaluating the qualifications of a proposed sponsor, the director shall consider the type and structure of the proposed sponsor, its experience in financial operations, its financial stability and strength, its business reputation, and other factors the director considers relevant.** A risk retention group shall not be either a sponsor or a participant of a sponsored captive insurance company. ~~The business written by a sponsored captive insurance company with respect to each protected cell shall meet at least 1 of the following:~~

~~(a) Be fronted by an insurance company authorized pursuant to the laws of any state or any jurisdiction if the insurance company is a wholly owned subsidiary of an insurance company authorized pursuant to the laws of any state or any jurisdiction.~~

~~(b) Be reinsured by a reinsurer authorized or approved by this state.~~

~~(c) Be secured by a trust fund in the United States for the benefit of policyholders and claimants funded by an irrevocable letter of credit or other asset acceptable to the commissioner. The amount of security provided by the trust fund shall not be less than the reserves associated with those liabilities, including reserves for losses, allocated loss adjustment expenses, incurred but not reported losses, and unearned premiums for business written through the participant's protected cell. The commissioner may require the sponsored captive to increase the funding of a trust~~

- 1 ~~established pursuant to this subdivision. A trust and trust~~
- 2 ~~instrument maintained pursuant to this subdivision shall be in a~~
- 3 ~~form and upon terms approved by the commissioner.~~