

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.1757 Corporate governance annual disclosure; requirements; reporting at separate levels; exception for substantially similar documents.

Sec. 1757. (1) An insurer, or the insurance group of which the insurer is a member, shall, no later than June 1, 2020 and each June 1 after that date, submit to the director a corporate governance annual disclosure as prescribed by the director. Notwithstanding any request from the director made under subsection (3), if the insurer is a member of an insurance group, the insurer shall submit the report required by this section to the commissioner of the lead state for the insurance group, in accordance with the laws and requirements of the lead state.

(2) The CGAD required under subsection (1) must include a signature of the insurer or insurance group's chief executive officer or corporate secretary attesting to the best of that individual's belief and knowledge that the insurer or insurance group has implemented the corporate governance practices and that a copy of the disclosure has been provided to the insurer's board of directors or the appropriate committee of the insurer's board of directors.

(3) An insurer not required to submit a CGAD under this section shall submit a CGAD on the director's request.

(4) For purposes of completing the CGAD, the insurer or insurance group may provide information regarding corporate governance at the ultimate controlling parent level, an intermediate holding company level, or the individual legal entity level, or any 1 or more of those levels, depending on how the insurer or insurance group has structured its system of corporate governance. The insurer or insurance group is encouraged to make the CGAD disclosures at the level at which the insurer's or insurance group's risk appetite is determined, or at which the earnings, capital, liquidity, operations, and reputation of the insurer are overseen collectively and at which the supervision of those factors is coordinated and exercised, or the level at which legal liability for failure of general corporate governance duties would be placed. If the insurer or insurance group determines the level of reporting based on the criteria described in this subsection, the insurer or insurance group shall indicate which of the 3 criteria was used to determine the level of reporting and explain any subsequent changes in level of reporting.

(5) The review of the CGAD and any additional requests for information must be made through the lead state in accordance with the laws and requirements of the lead state.

(6) An insurer or insurance group that provides information substantially similar to the information required by this chapter in other documents provided to the director, including proxy statements filed in conjunction with Form B requirements, or other state or federal filings provided to the department is not required to duplicate that information in the CGAD and is only required to cross-reference the document in which the information is included.

History: Add. 2018, Act 520, Eff. Jan. 1, 2020.

Popular name: Act 218