

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

**500.810 Reserves; computation; additional reserves; plan to restore compliance; effect of noncompliance; examination of reserve practices and investment incomes.**

Sec. 810. (1) Each insurer transacting business in this state, at all times, shall maintain reserves in an amount estimated in the aggregate to provide for the payment of all losses and claims incurred, whether reported, or unreported, which are unpaid and for which the insurer may be liable and to provide for the expenses of adjustment or settlement of losses and claims. The reserves shall be computed in accordance with rules promulgated by the commissioner, after due notice and hearing, based upon reasonable consideration of the ascertained experience and the character of those kinds of business, for the purpose of adequately protecting the insureds and securing the solvency of the insurer.

(2) If the loss and loss expense experience of the insurer or the anticipated loss expense experience of the insurer as determined by an actuarial evaluation shows the reserves, calculated in accordance with the rules, to be inadequate, the commissioner shall require the insurer to maintain additional reserves. Within 30 business days after notification by the commissioner that its reserves have been determined to be in noncompliance with the requirements of subsection (1), the insurer shall file a plan to restore compliance. The commissioner, upon written request by the insurer, may grant a period of time within which to restore compliance. The period of time may be granted only if the commissioner is satisfied the insurer is safe, reliable, and entitled to public confidence and the commissioner approves the plan filed by the insurer for restoring compliance within the time granted. If the plan is not approved by the commissioner, or if the plan is approved but at the end of 1 year the insurer is not in compliance with the requirements of this section, the commissioner may grant additional time to comply, or the commissioner may suspend, revoke, or limit the certificate of authority of the insurer pursuant to section 436.

(3) The commissioner shall annually examine the reserve practices and investment incomes of medical malpractice, products liability, and municipal liability insurers licensed to do business in this state.

**History:** Add. 1969, Act 318, Eff. Mar. 20, 1970;—Am. 1976, Act 307, Imd. Eff. Oct. 28, 1976;—Am. 1978, Act 506, Imd. Eff. Dec. 13, 1978;—Am. 1986, Act 173, Imd. Eff. July 7, 1986.

**Popular name:** Act 218

**Administrative rules:** R 500.1231 et seq. of the Michigan Administrative Code.