

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

500.8176 Reinsurance agreement.

Sec. 8176. (1) A domestic society, by a reinsurance agreement, may cede any individual risk in whole or in part to an insurer, other than another fraternal benefit society, having the power to make reinsurance and authorized to do business in this state or approved by the commissioner. A society shall not reinsure substantially all of its insurance in force without the commissioner's written permission. A society may take credit for the reserves on such ceded risks to the extent reinsured, but credit shall not be allowed as an admitted asset or as a deduction from liability, to a ceding society for reinsurance made, ceded, renewed, or otherwise becoming effective on or after April 1, 1990, unless the reinsurance is payable by the assuming insurer on the basis of the liability of the ceding society under the contract reinsured without diminution because of the insolvency of the ceding society.

(2) Notwithstanding the limitation in subsection (1), a society may reinsure the risks of another society in a consolidation or merger approved by the commissioner under section 8177.

History: Add. 1990, Act 1, Eff. Apr. 1, 1990.

Popular name: Act 218