

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

500.8191 Domestic society; deficiencies; notice; request for correction; noncompliance; action to enjoin or action in quo warranto; hearing; order; findings; liquidation; recognition of action; receiver; voluntary determination to discontinue business.

Sec. 8191. (1) If the commissioner upon investigation finds that a domestic society has exceeded its powers, has failed to comply with any provision of this chapter, is not fulfilling its contracts in good faith, has a membership of less than 400 after an existence of 1 year or more, or is conducting business fraudulently or in a manner hazardous to its members, creditors, the public, or the business, the commissioner shall notify the society of his or her findings and state in writing the reasons for his or her dissatisfaction. The commissioner shall issue immediately a written notice to the society requiring that each deficiency that exists be corrected. After notice, the society shall have a 30-day period in which to comply with the commissioner's request for correction, and if the society fails to comply, the commissioner shall notify the society of the findings of noncompliance and require the society to show cause on a date named why it should not be enjoined from carrying on any business until the violation complained of is corrected, or why an action in quo warranto should not be commenced against the society.

(2) If the society pursuant to subsection (1) does not present good and sufficient reasons why it should not be enjoined or why an action in quo warranto should not be commenced, the commissioner may request the attorney general to commence an action to enjoin the society from transacting business or to commence an action in quo warranto.

(3) The court shall notify the society's officers of a hearing. If after a full hearing it appears that the society should be enjoined, liquidated, or a receiver appointed, the court shall enter the necessary order. An enjoined society shall not have the authority to do business until the commissioner finds all of the following:

(a) That the violation complained of has been corrected.

(b) The costs of the action have been paid by the society if the court finds that the society was in default as charged.

(c) The court has dissolved its injunction.

(d) The commissioner has reinstated the certificate of authority.

(4) If the court orders the society liquidated, the society shall be enjoined from carrying on any further business, and the receiver of the society shall proceed at once to take possession of the books, papers, money, and other assets of the society and, under the direction of the court, proceed immediately to close the affairs of the society and to distribute its funds to those entitled.

(5) An action under this section shall not be recognized in any court of this state unless brought by the attorney general upon request of the commissioner. If a receiver is to be appointed for a domestic society, the court shall appoint the commissioner as the receiver.

(6) The provisions of this section relating to hearing by the commissioner, action by the attorney general at the request of the commissioner, hearing by the court, injunction, and receivership shall be applicable to a society that voluntarily determines to discontinue business.

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

Popular name: Act 218