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

500.411 Deposits required to transact insurance.

Sec. 411. (1) To qualify for and maintain authority to transact insurance in this state a domestic insurer shall maintain a deposit with the state treasurer of $300,000.00 or such larger amount as the commissioner considers appropriate taking into consideration the actual or anticipated premium volume of the insurer and the characteristics of, and the degree of risk inherent in, the insurance business written by the insurer. If a domestic insurer doing business on January 9, 1973 has assets of less than $750,000.00, the commissioner may approve a smaller deposit appropriate to the size of the insurer and the character of its business but not less than $50,000.00. The deposit shall consist of cash or securities at market value, exclusive of interest, of the kinds described in section 912. The deposit shall be held by the state treasurer for the benefit of the policyholders of the insurer and shall be administered as directed in section 464. A policyholder of an insurer includes any person having a legal or equitable right arising out of an insurance or annuity contract issued by the insurer.

(2) To qualify for and maintain authority to transact insurance in this state a foreign insurer shall maintain a deposit with the state treasurer or with the treasurer or other state officer of the state in which the insurer is domiciled of the same kinds, in the same amounts, and for the same purpose as required in subsection (1) for domestic insurers.

(3) To qualify for and maintain authority to transact insurance in this state an alien insurer entering through this state to transact insurance in the United States shall maintain a deposit with the state treasurer and an alien insurer entering through a state other than this state to transact insurance in the United States shall maintain a deposit with the state treasurer or with the treasurer or other state officer of the state through which the insurer entered of the same kinds, in the same amounts, and for the same purpose as required in subsection (1) for domestic insurers.

(4) To qualify for and maintain authority to transact insurance in this state an alien insurer shall maintain deposits, including those required in subsection (3), with the state treasurer, with officers of states other than this state or with trustees resident in the United States or with any combination of such persons, under trust indentures approved by the commissioner. The insurer shall cause the persons holding the deposits to make to the insurance regulatory authority of the state through which the insurer entered to transact insurance in the United States a report, under oath on or before March 1 of each year, of the insurer's deposits as of December 31 of the preceding year. The deposits shall be in cash or in securities of the kinds described in sections 910 to 947 and shall satisfy the following conditions:

(a) The deposits shall be not less than the amount of liabilities with respect to the insurer's business in the United States.

(b) The deposits, if the insurer is a life insurer, shall be held for the benefit of policyholders who were residents of the United States on the date of issuance of the policy and for the benefit of creditors of the insurer within the United States.

(c) The deposits, if the insurer is not a life insurer, shall be held for the benefit of policyholders and creditors within the United States.

(d) The securities deposited under this subsection shall be valued and limited in accordance with section 901.

History: Add. 1972, Act 360, Imd. Eff. Jan. 9, 1973;—Am. 1982, Act 338, Imd. Eff. Dec. 17, 1982;—Am. 1986, Act 321, Imd. Eff. Dec. 26, 1986;—Am. 1992, Act 2, Imd. Eff. Jan. 31, 1992;—Am. 1992, Act 182, Imd. Eff. Oct. 1, 1992.

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