EMERGENCY INSURANCE LEGISLATION  
Act 66 of 1933

AN ACT to regulate insurance corporations, fraternal benefit and other societies and associations doing an insurance business in Michigan during and under certain emergencies, to extend the powers of the commissioner of insurance over such companies and business in such emergencies; to prevent preferences among policyholders and creditors of such companies in the payment of debts and claims and withdrawals of cash; to preserve the solvency and integrity of such companies during such emergencies for the benefit of all policyholders and other obligees of such companies and societies; and to limit certain legal process and proceedings for the period prescribed herein.


Compiler's note: For transfer of the Department of Insurance and Office of the Commissioner on Insurance from the Department of Licensing and Regulation to the Department of Commerce, see E.R.O. No. 1991-9, compiled at MCL 338.3501 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

550.1 Declaration of emergency.
Sec. 1. That an emergency exists in the United States of America and the state of Michigan with respect to its financial and investment institutions and the financial condition of its people generally, such emergency affecting the business of insurance. The provisions of this act are, therefore, deemed to be for the protection of the public as a whole; to preserve the stability of insurance companies; to prevent undue preference among the policyholders of such companies; and to conserve the income and assets of such companies for the benefit of their policyholders and creditors.


Compiler's note: For transfer of the Department of Insurance and Office of the Commissioner on Insurance from the Department of Licensing and Regulation to the Department of Commerce, see E.R.O. No. 1991-9, compiled at MCL 338.3501 of the Michigan Compiled Laws.

For transfer of authority, powers, duties, functions, and responsibilities of the insurance bureau and the commissioner of insurance to the commissioner of the office of financial and insurance services and the office of financial and insurance services, see E.R.O. No. 2000-2, compiled at MCL 445.2003 of the Michigan compiled laws.

550.2 Insurance company disbursement limitations.
Sec. 2. The provisions of any law of this state to the contrary notwithstanding, during any period of public calamity resulting in abnormal financial losses to and unforeseen and excessive disbursements by any insurance company, fraternal benefit society or association (herein referred to as “company” or “companies”) doing business in this state, and during any financial emergency, including the emergency referred to in the governor's proclamation of February 14, 1933, and the president's proclamation of March 6, 1933, and other similar emergencies, occurring as the result of financial disturbances in business generally, threatened or actual disaster to the banking and other financial institutions of the United States or of this state, and disruption of business and orderly business process resulting in such unusual demands upon the cash or other assets of insurance companies doing business in this state as to endanger the solvency of or threaten insolvency to any such companies and the consequences thereof, the commissioner of insurance may, by general regulations applicable to all such companies, or by special regulations applicable to any class of insurance companies, prescribe such limits or restrictions upon the disbursements, loans, investment of funds or other disposition of assets of any such companies as in his judgment is or may be necessary for the preservation of the rights of all of the policy-holders, beneficiaries or assignees, or other claimants or creditors of such companies, for the purpose of preventing such undue preferential payments to certain policyholders, beneficiaries, claimants and creditors as may or will imperil or prejudice the rights of other policyholders, beneficiaries, claimants and creditors, and for the promotion and maintenance of sound insurance practices. Provided, That no such rules or regulations shall be made in any case to relieve the company from making any loan applied for by the policyholder against the legal reserves on his or her policy for the purpose of paying his or her premium on his or her policy of insurance in such company.


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550.3 Insurance commissioner regulatory powers.

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Sec. 3. The rules and regulations made by the commissioner of insurance pursuant to this act, when filed with the secretary of the state of Michigan, shall have the force and effect of law; and the said commissioner is hereby granted the power and authority to alter, amend and promulgate all such rules and regulations.


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550.4 Foreign insurance companies; other states’ regulations, application.
Sec. 4. The said commissioner is hereby authorized and empowered to put into effect, and to enforce as against any foreign insurance company doing business in this state, any rule or regulation made applicable to any Michigan corporation or society doing an insurance business in the domestic state of such foreign company, during the period of any emergency covered by the provisions of this act. This section shall be in addition to, and not in limitation of, any law of this state requiring or permitting reciprocal application of the laws of this state to foreign insurance companies doing business in Michigan or requiring equal privileges to be extended to Michigan companies operating in other states.


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550.5 Purposes of act.
Sec. 5. The purposes of the provisions of this act, among other things, are to preserve as far as possible the solvency of such insurance companies as are qualified and authorized to carry on business in this state, and to prevent the impairment of the obligations of the contracts of such companies as a whole.


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550.6 Suits against insurance companies; statute of limitations, extension.
Sec. 6. During the period of any such calamity or emergency no suit at law or in equity shall be commenced or brought on for hearing, in any court of this state, for the enforcement of demands upon or against any insurance company when the payment thereof has been prohibited, suspended, or otherwise regulated by the commissioner of insurance pursuant to this act, nor shall proceedings be taken in any such court or by the state treasurer to satisfy any judgment obtained by any policyholder, or his assignee in any proceeding had or taken to enforce said demands. The commissioner of insurance may intervene in any such suit or proceeding by virtue of his office, and he or the defendant company may plead this statute and any regulation or order made pursuant thereto, in temporary bar or stay of any such action or proceeding. The period of such emergency shall be added to any statute limiting the time for commencement of any action to enforce such policy rights, or the issuance of the writ of execution or other mandatory writ enforcing such rights.


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550.7 Duration of emergency; proclamations.
Sec. 7. The emergency referred to in section 1 hereof shall be deemed to continue until March 30, 1935, unless the legislature of this state, if in session, or the governor of this state, if the legislature be not in session, shall by resolution or proclamation officially declare such emergency to have sooner terminated; and as to any other such emergency hereafter occurring, the provisions of this act shall not be effective unless and until the governor of the state shall by proclamation have declared the same to exist and invoke therein the provisions of this act. In any such case, the governor by proclamation shall have the power to declare such emergency terminated at such date certain as he may determine.


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550.8 Violation of act; misdemeanor; license revocation, grounds.

Sec. 8. Any person or corporation violating any of the provisions hereof, or any regulation or proclamation made pursuant hereto, shall be deemed guilty of a misdemeanor, and of violating the insurance law of this state; and any such violation by any insurance company or its agent shall be deemed cause for revoking the license of such company or agent, as the case may be, to do an insurance business in this state.


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