

**THE INSURANCE CODE OF 1956 (EXCERPT)**  
**Act 218 of 1956**  
Chapter 72  
**RECIPROCAL INSURANCE EXCHANGES**

**500.7200 Scope of chapter.**

Sec. 7200.

This chapter applies only to reciprocal insurers.

**History:** 1956, Act 218, Eff. Jan. 1, 1957

**Popular Name:** Act 218

**500.7202 Reciprocal insurance exchanges; insuring powers.**

Sec. 7202.

Individuals, partnerships and public or private corporations of this state, hereby designated subscribers, are hereby authorized to exchange reciprocal or interinsurance contracts with each other or with individuals, partnerships and corporations of other states and countries providing indemnity among themselves and from any loss which may be insured against under other provisions of the laws, including employers' liability, workmen's compensation and accident insurance, and excepting life and health insurance.

**History:** 1956, Act 218, Eff. Jan. 1, 1957 ;-- Am. 1957, Act 91, Eff. Sept. 27, 1957

**Popular Name:** Act 218

**500.7206 Reciprocal insurance exchanges; execution of contract by attorney.**

Sec. 7206.

Such contracts may be executed by an attorney, agent or other representative, herein designated as attorney. Such attorney may be an individual, individuals, firm or corporation.

**History:** 1956, Act 218, Eff. Jan. 1, 1957

**Popular Name:** Act 218

**500.7210 Declaration; bond.**

Sec. 7210.

(1) The subscribers, through their attorney, shall file with the commissioner a declaration, verified by the oath of such attorney, setting forth:

- (a) The name or title of the exchange.
- (b) The location of the principal office of the exchange.
- (c) The kind or kinds of insurance risks to be exchanged. The classes of risks to be written shall be those authorized by section 7202.
- (d) A copy of common contract entered into between the members of the exchange and the attorney.
- (e) A copy of the policy or agreement wherein contracts of insurance are exchanged among the subscribers.
- (f) That applications have been made for insurance upon at least 200 risks aggregating not less than

\$3,000,000.00, as represented by bona fide applications, or in case of employers' liability or compensation insurance covering a total payroll of not less than \$3,000,000.00, such applications to be concurrently effective when such reciprocal exchange is authorized to commence business by the commissioner. In the case of automobile insurance, applications shall have been made upon at least 1,000 automobiles represented by contracts to be effective concurrently and covering any or all classes of automobile insurance.

(g) That there has been deposited and shall be maintained at all times with the state treasurer cash or securities in satisfaction of the requirements of section 411.

(2) There shall be filed a copy of a bond of \$50,000.00 with the commissioner conditioned that the attorney will faithfully carry out the contract or agreement made between the attorney and the subscribers, guaranteeing the subscribers against any loss to them by reason of any illegal or dishonest acts on the part of such attorney. Such bond may be a bond of an authorized surety company or a personal bond with 2 sureties approved by the commissioner. The bond shall run in favor of the board of trustees or advisory committee of the reciprocal exchange and shall be for the benefit of all subscribers wherever located.

**History:** 1956, Act 218, Eff. Jan. 1, 1957 ;-- Am. 1972, Act 360, Imd. Eff. Jan. 9, 1973

**Popular Name:** Act 218

#### **500.7214 Reciprocal insurance exchanges; actions and suits.**

Sec. 7214.

Subscribers at a reciprocal or interinsurance exchange shall only sue or be sued in the name or designation adopted by them.

**History:** 1956, Act 218, Eff. Jan. 1, 1957 ;-- Am. 1992, Act 182, Imd. Eff. Oct. 1, 1992

**Popular Name:** Act 218

#### **500.7218 Reciprocal insurance exchanges; limit of risk; statement of maximum assumed by subscriber.**

Sec. 7218.

There shall be filed with the commissioner by such attorney a statement under the oath of such attorney, showing the maximum amount of indemnity upon any single risk, and such attorney shall, whenever and as often as the same shall be required, file with the commissioner a statement verified by his oath to the effect that he has examined the commercial rating of such subscribers as shown by the reference book of a commercial agency having at least 100,000 subscribers, and that from such examination or from other information in his possession it appears that no subscriber has assumed on any single risk an amount greater than 10% of the net worth of such subscriber.

**History:** 1956, Act 218, Eff. Jan. 1, 1957

**Popular Name:** Act 218

#### **500.7222 Repealed. 1994, Act 226, Imd. Eff. June 27, 1994.**

**Compiler's Notes:** The repealed section pertained to certificates of authority relating to reciprocal insurance exchanges.

**Popular Name:** Act 218

**500.7226 Reciprocal insurance exchanges; corporation empowered to exchange contracts.**

Sec. 7226.

Any public or private corporation now or hereafter organized under the laws of this state shall, in addition to the rights, powers and franchises specified in its articles of incorporation, have full power and authority to exchange insurance contracts of the kind and character herein mentioned. The right to exchange such contracts is hereby declared to be incidental to the purposes for which such corporations are organized, and as much granted as the rights and powers expressly conferred.

**History:** 1956, Act 218, Eff. Jan. 1, 1957 ;-- Am. 1957, Act 91, Eff. Sept. 27, 1957

**Popular Name:** Act 218

**500.7230 Reciprocal insurance exchanges; records and securities of domestic insurers; safekeeping.**

Sec. 7230.

Section 5256 shall apply to domestic reciprocal insurers.

**History:** 1956, Act 218, Eff. Jan. 1, 1957

**Popular Name:** Act 218

**500.7234 Reciprocal insurance exchanges; filing of fire, lightning, or windstorm rates.**

Sec. 7234.

Any reciprocal or interinsurance exchange exchanging contracts of indemnity between its subscribers and providing coverage for loss by fire, lightning or windstorm and which maintains its own rates and schedule of rates shall not be required to join or become a member of a fire insurance rating bureau but may, in lieu of joining such bureau, file with the commissioner its schedule of rates.

**History:** 1956, Act 218, Eff. Jan. 1, 1957

**Popular Name:** Act 218