

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

500.7305 Unearned premium reserves.

Sec. 7305.

(1) Every title insurer authorized to transact title insurance in this state shall establish and maintain, except as provided in subsection (4), an unearned premium reserve on business done in this state which at all times and for all purposes shall be deemed and constitute unearned portions of the risk premiums and shall be charged as a reserve liability for the title insurer in determining its financial condition.

(2) The unearned premium reserve shall be cumulative and shall consist of the following:

(a) The unearned premium reserve established by each title insurer pursuant to section 817, in respect to gross premiums received prior to January 1, 1967.

(b) Five percent of the gross premiums received by it in each month commencing with January 1, 1967, for all policies of title insurance and reinsurance and coinsurance agreements.

(3) Commencing January 1, 1969, and on January 1 of each year thereafter, there shall be released from the unearned premium reserve an amount equal to 1/10 of that portion thereof originally placed therein in respect to each year more than 10 in the past. The amounts so released from the unearned premium reserve shall no longer constitute a part thereof and may be used for any lawful purposes.

(4) A foreign title insurer authorized to transact title insurance in this state may establish an unearned premium reserve on its title insurance done in this state in accordance with the laws of the state under which the insurer is organized, if the reserves are mandatory under such laws and are substantially equivalent to the requirements of this section.

History: Add. 1966, Act 221, Imd. Eff. July 11, 1966

Popular Name: Act 218