

Act No. 85
Public Acts of 1990
Approved by the Governor
May 29, 1990
Filed with the Secretary of State
May 29, 1990

**STATE OF MICHIGAN
85TH LEGISLATURE
REGULAR SESSION OF 1990**

Introduced by Reps. Middaugh, Alley, Wartner, Van Singel, Varga, Stacey, Sikkema, Brown, Hoekman
and Bennett

ENROLLED HOUSE BILL No. 5290

AN ACT to amend sections 1311 and 1324 of Act No. 218 of the Public Acts of 1956, entitled as amended "An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and associations and the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and to prescribe the conditions on which companies and associations organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, associations, risk retention groups, and purchasing groups engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations and the state accident fund; to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on risk retention groups and purchasing groups; to provide for the imposition of a tax on the business of surplus line agents; to modify tort liability arising out of certain accidents; to provide for limited actions with respect to that modified tort liability, and to prescribe certain procedures for maintaining those actions; to require security for losses arising out of certain accidents; to provide for the continued availability and affordability of automobile insurance and homeowners insurance in this state, and to facilitate the purchase of that insurance by all residents of this state at fair and reasonable rates; to provide for certain reporting with respect to insurance, and with respect to certain claims against uninsured or self-insured persons; and to prescribe duties for certain state departments and officers with respect to that reporting; to provide for certain assessments; to establish and continue certain state insurance funds; to modify and clarify the status, rights, powers, duties, and operations of the nonprofit malpractice insurance fund; to provide for the departmental supervision and regulation of the insurance and surety business within this state; to provide for the conservation, rehabilitation, or liquidation of unsound or insolvent insurers; to provide for the protection of policyholders, claimants, and creditors of unsound or insolvent insurers; to provide for associations of insurers to protect policyholders and claimants in the event of insurer insolvencies; to prescribe educational requirements for insurance agents and solicitors; to provide for the regulation of multiple employer welfare arrangements; to create an automobile theft prevention authority to reduce the number of automobile thefts in this state; to prescribe the powers and duties of the automobile theft prevention authority; to provide certain powers and duties upon certain officials, departments, and authorities of this state; to repeal certain acts and parts of acts; to repeal certain acts and parts of acts on specific dates; and to provide penalties for the violation of this act," being sections 500.1311 and 500.1324 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Sections 1311 and 1324 of Act No. 218 of the Public Acts of 1956, being sections 500.1311 and 500.1324 of the Michigan Compiled Laws, are amended to read as follows:

Sec. 1311. (1) A person other than the issuer shall not make a tender offer for or a request or invitation for tenders of, or enter into any agreement to exchange securities for, seek to acquire or acquire, in the open market or otherwise, any voting security of a domestic insurer if, after the consummation thereof, the person directly or indirectly, or by conversion or by exercise of any right to acquire, would be in control of the insurer. A person shall not enter into an agreement to merge with or otherwise to acquire control of a domestic insurer unless, at the time any offer, request, or invitation is made or any agreement is entered into, or prior to the acquisition of the securities if no offer or agreement is involved, the person has filed with the commissioner and has sent to the insurer which has sent to its shareholders, a statement containing the information required by this chapter and the offer, request, invitation, agreement, or acquisition has been approved by the commissioner.

(2) The person who proposes to enter into an agreement to merge with or otherwise acquire control of a domestic insurer shall file a preacquisition notification with the commissioner, in such form and containing the information prescribed by R 500.710 of the Michigan administrative code or other applicable rule promulgated by the commissioner, not less than 30 days prior to the proposed effective date of the acquisition.

(3) For purposes of this section and sections 1312 to 1319, a domestic insurer shall include any other person controlling a domestic insurer.

Sec. 1324. Every insurer which is a member of an insurance holding company system and is authorized to do business in this state shall register with the commissioner. A foreign insurer is not required to register if it is subject to disclosure requirements and standards adopted by statute or regulation in the jurisdiction of its domicile which are substantially similar to those contained in sections 1324 to 1343 inclusive and under which insurers domiciled in this state are exempt from the requirements of registration or are permitted to satisfy the registration requirement by filing copies of materials required to be filed under this chapter. Until May 1, 1991, a domestic insurer is not required to register if it does not transact insurance in any other state. An insurer subject to registration under this chapter shall register within 60 days after the effective date of this chapter or 15 days after it becomes subject to registration, whichever is later, unless the commissioner for good cause shown extends the time for registration and then within the extended time. The commissioner may require an authorized insurer which is a member of a holding company system not subject to registration under this section to furnish a copy of the registration statement or other information filed by the insurance company with the insurance regulatory authority of domiciliary jurisdiction.

This act is ordered to take immediate effect.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved

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Governor.