

# HOUSE BILL No. 4101

February 7, 1989, Introduced by Reps. Willis Bullard and Middaugh and referred to the Committee on Insurance.

A bill to amend section 22a of Act No. 8 of the Public Acts of the Extra Session of 1933, entitled as amended "The Michigan liquor control act," as amended by Act No. 176 of the Public Acts of 1986, being section 436.22a of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 22a of Act No. 8 of the Public Acts of  
2 the Extra Session of 1933, as amended by Act No. 176 of the  
3 Public Acts of 1986, being section 436.22a of the Michigan  
4 Compiled Laws, is amended to read as follows:

5 Sec. 22a. (1) Except as otherwise provided in this section,  
6 ~~in lieu~~ INSTEAD of the requirement that other licensees file a  
7 bond under section 22, ~~any~~ A retailer or applicant for a retail  
8 license may be required to file with the commission a policy or  
9 policies of liability insurance, or a certificate approved by the

1 commission certifying that the applicant or licensee has been  
2 issued a liability policy as prescribed in this act, issued by  
3 any insurer authorized to write such coverage in Michigan.

4 ~~Such~~ THE policy or policies of insurance shall provide security  
5 for the liability of the applicant or retailer with respect to  
6 its liability to the persons enumerated and for the damages spec-  
7 ified in section 22. The commission may designate the limits of  
8 liability under the policy or policies of liquor liability insur-  
9 ance to be not less than \$10,000.00 to any 1 person and not less  
10 than a total liability of \$25,000.00 to all persons.

11 (2) Except as otherwise provided in subsection (3), begin-  
12 ning April 1, 1988, before the renewal or approval and granting  
13 of a retail license, a retail licensee or applicant for a retail  
14 license shall file with the commission proof of financial respon-  
15 sibility providing security for liability under section 22(4) of  
16 not less than \$50,000.00. The proof of financial responsibility  
17 may be in the form of cash, unencumbered securities, a policy or  
18 policies of liquor liability insurance, a constant value bond  
19 executed by a surety company authorized to do business in this  
20 state, or membership in a group self-insurance pool authorized by  
21 law that provides security for liability under section 22.

22 (3) If the commissioner of insurance certifies, pursuant to  
23 section 2409b of THE INSURANCE CODE OF 1956, Act No. 218 of the  
24 Public Acts of 1956, being section 500.2409b of the Michigan  
25 Compiled Laws, that liquor liability insurance is not reasonably  
26 available in this state or is not available at a reasonable  
27 premium, the commission may waive the requirements of subsection

1 (2) with regard to any affected retail licensees and applicants  
2 for a retail license until such time as the commissioner of  
3 insurance certifies that liquor liability insurance is reasonably  
4 available or is available at a reasonable premium, as applicable,  
5 to the affected licensees and applicants.

6 (4) ~~-(5)-~~ A licensee may furnish proof of financial respon-  
7 sibility in excess of the requirements of this section.

8 (5) ~~-(6)-~~ An insurer under a policy or policies of liquor  
9 liability insurance or a surety under such a bond shall not be  
10 named as a defendant in any action brought against the insured or  
11 bonded licensee for liability under section 22. Bankruptcy of  
12 the insured shall not discharge an insurer or surety under this  
13 section from liability. Insurance policies and bonds issued for  
14 purposes under this section shall continue from year to year  
15 unless sooner canceled by the insurer.

16 (6) ~~-(7)-~~ An insured retail licensee shall not cancel any  
17 ~~such~~ liquor liability insurance except upon 30 days' prior  
18 written notice to the commission and, beginning April 1, 1988,  
19 unless new proof of financial responsibility complying with this  
20 section is procured by the retail licensee and delivered to the  
21 commission prior to the expiration of the 30-day period, the  
22 license of that licensee shall be revoked.

23 (7) ~~-(8)-~~ This section does not apply to ~~a~~ ANY OF THE  
24 FOLLOWING:

25 (A) A special licensee. ~~or~~

26 (B) AN applicant for a special license.

1 (C) A SMALL WINE MAKER SELLING ONLY WINE MANUFACTURED BY  
2 THAT SMALL WINE MAKER FOR CONSUMPTION OFF THE PREMISES.

3 (8) ~~-(9)-~~ The commission shall promulgate rules pursuant to  
4 the administrative procedures act of 1969, Act No. 306 of the  
5 Public Acts of 1969, being sections 24.201 to 24.328 of the  
6 Michigan Compiled Laws, to implement and enforce this section.