



Senate Fiscal Agency  
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## BILL ANALYSIS



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House Bill 5419 (as reported with amendment)  
Sponsor: Representative John Llewellyn  
House Committee: Insurance  
Senate Committee: Financial Services

**CONTENT**

The bill would amend the Insurance Code to authorize the Insurance Commissioner or the Commissioner's appointed special deputy, acting in the role of rehabilitator of an insurer, to take certain actions that the Commissioner may take in his or her role as liquidator. The bill specifies that it "does not limit or expand any of the action [sic] the rehabilitator may take as he or she considers necessary or appropriate to reform and revitalize the insurer".

The Code specifies that the rehabilitator may take actions as he or she considers appropriate or necessary to reform and revitalize an insurer subject to rehabilitation. The bill would add that those measures could include, but would not be limited to, all of the following powers, which currently are granted to a liquidator:

- To collect all debts and money due and claims belonging to the insurer, wherever located, and for the following purposes: to institute timely action in other jurisdictions to forestall garnishment and attachment proceedings against debts; to do other acts necessary or expedient to collect, conserve, or protect the assets or property; or to pursue a creditor's remedies available to enforce the creditor's claims.
- To continue to prosecute and to institute in the insurer's name, or the liquidator's name, suits and other legal proceedings, and to abandon the prosecution of claims the liquidator considers unprofitable to pursue further.
- To prosecute an action that may exist on behalf of the insurer's creditors, members, policyholders, or shareholders against an officer of the insurer or another person.
- To assert all defenses available to the insurer as against third persons, including statutes of limitation, statutes of frauds, and the defense of usury.
- To enter into agreements with a receiver or commissioner of another state relating to the rehabilitation, liquidation, conservation, or dissolution of an insurer doing business in both states.

The bill also would extend the Commissioner's authority, as liquidator, to enter into agreements with a receiver or commissioner of another state, to include agreements with a receiver or commissioner of another country.

MCL 500.8114 & 500.8121

Legislative Analyst: P. Affholter

**FISCAL IMPACT**

The bill would not have a fiscal impact on the Insurance Bureau, Michigan Department of Commerce, or on local governmental units.

Date Completed: 2-5-96

Fiscal Analyst: K. Lindquist

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.