



SENATE BILL No. 898

March 8, 2018, Introduced by Senator HUNE and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 4621 (MCL 500.4621), as added by 2008 PA 29.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4621. (1) A captive insurance company ~~shall~~**IS** not be
2 required to make an annual report except as provided in this
3 chapter.

4 (2) Annually, ~~on or before March 1 of each year, a~~**NOT LATER**
5 **THAN 60 DAYS AFTER THE END OF A CAPTIVE INSURANCE COMPANY'S FISCAL**
6 **YEAR, THE** captive insurance company shall submit to the
7 ~~commissioner~~**DIRECTOR** a report of its financial condition, verified
8 by oath of 2 of its executive officers. A captive insurance company
9 may report using generally accepted accounting principles or, with

1 the approval of the ~~commissioner,~~**DIRECTOR, INTERNATIONAL FINANCIAL**
2 **REPORTING STANDARDS OR** statutory accounting principles, with useful
3 or necessary modifications or adaptations required or approved or
4 accepted by the ~~commissioner~~**DIRECTOR** for the type of insurance and
5 kinds of insurers to be reported ~~upon,~~**ON**, and as supplemented by
6 additional information required by the ~~commissioner.~~**DIRECTOR**. The
7 ~~commissioner~~**DIRECTOR** may prescribe the form and manner in which
8 captive insurance companies shall report. Information submitted
9 ~~pursuant to~~**UNDER** this section is confidential as provided in
10 section 4609.

11 (3) The ~~commissioner~~**DIRECTOR** may address inquiries to ~~any~~**A**
12 captive insurer concerning the insurer's activities or conditions
13 or any other matter connected with the insurer's transactions. An
14 insurer ~~so~~ addressed **UNDER THIS SUBSECTION** shall reply in writing
15 to each inquiry from the ~~commissioner~~**DIRECTOR** within 30 days ~~of~~
16 **AFTER** receipt of the inquiry.

17 (4) The ~~commissioner~~**DIRECTOR** may require interim reporting on
18 any ~~or all~~ of the captive insurer's business, including any matter,
19 condition, or requirement regulated by this chapter. The
20 ~~commissioner~~**DIRECTOR** shall prescribe the format and content of the
21 interim report.

22 (5) ~~Each~~**A** captive insurer that fails to file a report
23 required by this section, or fails to reply within 30 days to an
24 inquiry of the ~~commissioner,~~**DIRECTOR**, is subject to a civil
25 penalty of not less than \$1,000.00 or more than \$5,000.00 per
26 occurrence, and an additional \$50.00 for every day that the captive
27 insurer fails to file the report or reply to the inquiry. In

1 addition, ~~each~~**A** captive insurer that fails to file a report, or
2 fails to make a satisfactory reply to an inquiry of the
3 ~~commissioner~~**DIRECTOR** concerning the captive insurer's affairs, is
4 subject to proceedings under section 4637.

5 (6) A pure captive insurance company may make written
6 application for filing the annual report on a fiscal year end that
7 is consistent with the parent company's fiscal year. The annual
8 report ~~shall~~**MUST** be on a form prescribed by the
9 ~~commissioner~~**DIRECTOR**.

10 (7) A branch captive insurance company shall file with the
11 ~~commissioner~~**DIRECTOR** 60 days after the fiscal year end a copy of
12 all reports and statements required to be filed under the laws of
13 the jurisdiction in which the alien captive insurance company is
14 formed, verified by oath by 2 of its executive officers. If the
15 ~~commissioner~~**DIRECTOR** is satisfied that the annual report filed by
16 the alien captive insurance company in its domiciliary jurisdiction
17 provides adequate information concerning the financial condition of
18 the alien captive insurance company, the ~~commissioner~~**DIRECTOR** may
19 waive the requirement for completion of the captive annual
20 statement.

21 (8) A captive insurance company shall annually submit to the
22 ~~commissioner~~**DIRECTOR** the opinion of a qualified actuary as to
23 whether the reserves and related actuarial items held in support of
24 the reserves are computed appropriately, are based on assumptions
25 that satisfy contractual provisions, are consistent with prior
26 reported amounts, and comply with applicable laws of this state.
27 The actuarial opinion required by this section ~~shall~~**MUST** be

1 submitted in a form prescribed by the ~~commissioner.~~ **DIRECTOR.** For
2 purposes of this section, "qualified actuary" means a member of
3 either the American ~~academy~~ **ACADEMY** of actuaries ~~ACTUARIES~~ or the
4 ~~society~~ **SOCIETY** of actuaries ~~ACTUARIES~~ who also meets any other
5 criteria that the ~~commissioner~~ **DIRECTOR** may establish by rule,
6 regulation, or order.