

Act No. 397
Public Acts of 2018
Approved by the Governor
December 19, 2018
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December 19, 2018
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**STATE OF MICHIGAN
99TH LEGISLATURE
REGULAR SESSION OF 2018**

Introduced by Senator Hune

ENROLLED SENATE BILL No. 898

AN ACT to amend 1956 PA 218, entitled “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 provide for the imposition of regulatory fees on certain insurers; to provide for assessment fees on certain health maintenance organizations; 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; 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 regulation over worker’s compensation self-insurers; 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 provide for an appropriation; to repeal acts and parts of acts; and to provide penalties for the violation of this act,” by amending section 4621 (MCL 500.4621), as added by 2008 PA 29.

The People of the State of Michigan enact:

Sec. 4621. (1) A captive insurance company is not required to make an annual report except as provided in this chapter.

(2) Annually, not later than 60 days after the end of a captive insurance company's fiscal year, the captive insurance company shall submit to the director a report of its financial condition, verified by oath of 2 of its executive officers. A captive insurance company may report using generally accepted accounting principles or, with the approval of the director, international financial reporting standards or statutory accounting principles, with useful or necessary modifications or adaptations required or approved or accepted by the director for the type of insurance and kinds of insurers to be reported on, and as supplemented by additional information required by the director. The director may prescribe the form and manner in which captive insurance companies shall report. Information submitted under this section is confidential as provided in section 4609.

(3) The director may address inquiries to a captive insurer concerning the insurer's activities or conditions or any other matter connected with the insurer's transactions. An insurer addressed under this subsection shall reply in writing to each inquiry from the director within 30 days after receipt of the inquiry.

(4) The director may require interim reporting on any of the captive insurer's business, including any matter, condition, or requirement regulated by this chapter. The director shall prescribe the format and content of the interim report.

(5) A captive insurer that fails to file a report required by this section, or fails to reply within 30 days to an inquiry of the director, is subject to a civil penalty of not less than \$1,000.00 or more than \$5,000.00 per occurrence, and an additional \$50.00 for every day that the captive insurer fails to file the report or reply to the inquiry. In addition, a captive insurer that fails to file a report, or fails to make a satisfactory reply to an inquiry of the director concerning the captive insurer's affairs, is subject to proceedings under section 4637.

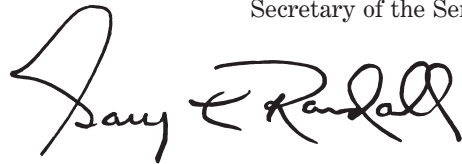
(6) A pure captive insurance company may make written application for filing the annual report on a fiscal year end that is consistent with the parent company's fiscal year. The annual report must be on a form prescribed by the director.

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

(8) A captive insurance company shall annually submit to the director the opinion of a qualified actuary as to whether the reserves and related actuarial items held in support of the reserves are computed appropriately, are based on assumptions that satisfy contractual provisions, are consistent with prior reported amounts, and comply with applicable laws of this state. The actuarial opinion required by this section must be submitted in a form prescribed by the director. For purposes of this section, "qualified actuary" means a member of either the American Academy of Actuaries or the Society of Actuaries who also meets any other criteria that the director may establish by rule, regulation, or order.



Secretary of the Senate



Clerk of the House of Representatives

Approved

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Governor