

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.1325b Annual group capital calculation; filing; exemption.

Sec. 1325b.

(1) Except as otherwise provided in this section, the ultimate controlling person of an insurer subject to registration under section 1324 shall concurrently file with the registration an annual group capital calculation as directed by the lead state commissioner.

(2) The annual group capital calculation must meet all of the following requirements:

(a) Be completed in accordance with the group capital calculation instructions, which may permit the lead state commissioner to allow a controlling person that is not the ultimate controlling person to file the group capital calculation.

(b) Be filed with the lead state commissioner.

(3) The following insurance holding company systems are exempt from filing the annual group capital calculation under subsection (1):

(a) An insurance holding company system that meets all of the following requirements:

(i) Has only 1 insurer within its holding company structure.

(ii) Writes only business.

(iii) Is licensed only in its domestic state.

(iv) Does not assume business from any other insurer.

(b) An insurance holding company system that is required to perform a group capital calculation specified by the Federal Reserve Board, if the lead state commissioner requests the calculation from the Federal Reserve Board under the terms of any information sharing agreement in effect and the Federal Reserve Board shares the calculation with the lead state commissioner.

(c) Except as otherwise provided in subsection (4), an insurance holding company system whose non-United States group-wide supervisor is located within a reciprocal jurisdiction, as described in section 1103, that recognizes the United States state's regulatory approach to group supervision and group capital.

(d) Except as otherwise provided in subsection (4), an insurance holding company system that meets both of the following requirements:

(i) The system provides information to the lead state that meets the requirements for accreditation under the NAIC financial standards and accreditation program, either directly or indirectly, through the group-wide supervisor who has determined that the information is satisfactory to allow the lead state to comply with the NAIC group supervision approach, as detailed in the NAIC Financial Analysis Handbook.

(ii) The system's non-United States group-wide supervisor is not in a reciprocal jurisdiction, as described in section 1103, and recognizes and accepts, as specified by the director, the group capital calculation as the world-wide group capital assessment for United States insurance groups that operate in that jurisdiction.

(4) The lead state commissioner shall require the group capital calculation for United States operations of any non-United States based insurance holding company system if, after any necessary consultation with other supervisors or officials, it is considered appropriate by the lead state commissioner for prudential oversight and solvency monitoring purposes or for ensuring the competitiveness of the insurance marketplace.

(5) The lead state commissioner may exempt the ultimate controlling person from filing the annual group capital calculation or accept a limited group capital filing or report in accordance with criteria specified by the director.

(6) If the lead state commissioner determines that an insurance holding company system no longer qualifies as 1 or more of the systems exempted under subsection (3), the insurance holding company system must file the group capital calculation at the next annual filing date unless given an extension by the lead state commissioner based on reasonable grounds shown.

(7) As used in this section, "group capital calculation instructions" means the group calculation instructions that are adopted by the NAIC and amended by the NAIC from time to time in accordance with the procedures adopted by the NAIC.

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