

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

500.1920 Recognition as eligible surplus lines insurer; application; recommendations; conditions; information; examination; removal of insurer from list.

Sec. 1920.

(1) A licensee shall offer surplus lines insurance only to insurers that are in a stable and unimpaired financial condition. An insurer recognized by the commissioner as an eligible surplus lines insurer pursuant to subsection (2) shall be considered to meet the requirements of this subsection. Recognition as an eligible surplus lines insurer shall be conditioned upon the insurer's continued compliance with this chapter and rules promulgated under this chapter.

(2) An unauthorized insurer may apply for recognition as an eligible surplus lines insurer by filing an application in the form and with the information as reasonably required by the commissioner regarding the insurer's financial stability, reputation, and integrity. The commissioner may delegate to an association the power to process and to make recommendations on applications for recognition as an eligible surplus lines insurer. Notwithstanding a delegation by the commissioner, an applicant may file an application for recognition directly with the commissioner.

(3) The commissioner shall recognize an insurer making an application in accordance with subsection (2) as an eligible surplus lines insurer if he or she is satisfied that the insurer is in a stable and unimpaired financial condition and that the insurer is qualified to provide coverage in compliance with this chapter. If filed with full supporting documentation before July 1 of any year, an application submitted under subsection (2) shall be acted upon by the commissioner before December 31 of the year of submission.

(4) The commissioner shall not recognize an insurer as an eligible surplus lines insurer unless the insurer continuously maintains capital and surplus of at least \$1,500,000.00, and is safe, reliable, and entitled to public confidence. This subsection shall not be construed to require an alien insurer to file financial statements in the form required of authorized insurers under section 438. However, each alien applicant shall have current financial data filed with the national association of insurance commissioners.

(5) If the commissioner considers it necessary, he or she may request information about or examine the affairs of any eligible unauthorized insurer, at the expense of the insurer except as provided in sections 1905 and 1951, to determine whether the insurer should continue to remain on the list of eligible surplus lines insurers. If the commissioner finds that it is in the public interest to remove an insurer from the list because the insurer no longer meets the requirements of this chapter or is no longer qualified to provide coverage under this chapter, the commissioner shall do so without the necessity of a hearing.

History: Add. 1980, Act 341, Eff. June 23, 1981 ;-- Am. 1994, Act 228, Imd. Eff. June 30, 1994

Popular Name: Act 218