

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

500.6850 Investments; real estate; agricultural credit corporation membership.

Sec. 6850.

No company organized or operating under this chapter shall invest any of its assets until it has cash in state or national banks of Michigan of \$20,000.00 in excess of the estimated amount of all unpaid losses of which the company has received notice. Should any company's cash in such banks fall below the required amount after investments have been made, the commissioner may if he deem it necessary for the protection of the policyholders of the company require such company to convert a part or all of its investments into cash. Funds available for investment may be invested in accordance with the laws of this state relating to the investment of the assets of domestic stock companies transacting the same kind of business except that companies organized or operating under this chapter are prohibited from investing in or owning corporation stocks, or investing in or owning real estate, except as follows:

- (1) Such as shall be necessary for its immediate accommodation in transacting business, or
- (2) Such as shall have been conveyed or mortgaged to the company in good faith, by way of security for debts, or
- (3) Such as shall have been conveyed to the company in satisfaction for debts or subrogation of claims, or
- (4) Such as shall have been purchased at sales upon judgments, decrees or mortgages in favor of such company, or held by or owned by it; and all real estate obtained by virtue of any provisions of this section, except that mentioned in the first subdivision, shall be sold or disposed of within 5 years after the title has been perfected in such company, unless the company shall procure a certificate from the commissioner that the interest of such company will materially suffer by a forced sale, in which event the sale may be postponed for such period as the commissioner shall direct in such certificate, not to exceed 10 years in all, or
- (5) Any company organized or operating under this chapter is hereby authorized, upon the consent and approval of the commissioner, and in accordance with the rules and regulations promulgated by the commissioner, to purchase and own stock in or become a member of any agricultural credit corporation, or similar corporation, formed for the purpose of financing and/or lending money to any such company. Any such company purchasing and owning stock in or becoming a member of any such corporation is hereby authorized, upon the consent and approval of the commissioner, to borrow money for the purpose of paying losses and to pledge for the payment thereof the assets of such company. If the delinquency in collection of assessments levied by any such company, purchasing and owning stock in or becoming a member of any such corporation, at the end of the fiscal year of such company shall exceed 15%, the commissioner shall be empowered to take steps for the collection of such assessments, including the power to bring suit on behalf of such company, and/or to order such additional assessments as may be found to be necessary to remove such deficiency.

History: 1956, Act 218, Eff. Jan. 1, 1957

Popular Name: Act 218