

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

500.5430 Capital funds; borrowing; repayment.

Sec. 5430.

A mutual insurer organized under this chapter may borrow or assume liability for the repayment of a sum of money sufficient to defray the reasonable expenses of its organization or to provide the securities to be deposited with the state treasurer as required under this act, or to enable it to comply with any requirement of law, upon an agreement that has first been submitted to and approved by the commissioner, that the sum shall be repaid with interest accrued in a manner and at a rate approved by the commissioner. The agreement under which the sum is obtained shall provide that any claim for its return shall be inferior and subordinate to all claims of and reserves for policyholders and creditors. Interest shall be paid and principal shall be retired only out of the surplus earnings of the insurer and with the approval of the commissioner whenever, in his or her judgment, the financial condition of the insurer warrants it, except that approval shall be withheld if repayment will reduce the surplus to an amount that is less than the amount determined adequate to comply with section 403. Any sum advanced shall not form a part of the legal liabilities of the insurer but until repaid all statements published by the insurer or filed with the commissioner shall show the amount remaining unpaid.

History: 1956, Act 218, Eff. Jan. 1, 1957 ;-- Am. 1994, Act 226, Imd. Eff. June 27, 1994

Popular Name: Act 218