

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

500.1411 Insurer; duties.

Sec. 1411.

An insurer shall comply with all of the following:

- (a) Have on file an independent financial examination, in a form acceptable to the commissioner, of each managing general agent with which it has done business.
- (b) If a managing general agent establishes loss reserves for the insurer, annually obtain the opinion of an actuary attesting to the adequacy of loss reserves established for losses incurred and outstanding on business produced by the managing general agent. This subdivision is in addition to any other required loss reserve certification.
- (c) Periodically, and not less than semiannually, conduct an on-site review of the underwriting and claims processing operations of the managing general agent.
- (d) Provide that binding authority for all reinsurance contracts or participation in insurance or reinsurance syndicates rests with an officer of the insurer who is not affiliated with the managing general agent.
- (e) Within 30 days of entering into or terminating a contract with a managing general agent, provide written notification of the appointment or termination to the commissioner. Notices of appointment of a managing general agent shall include a statement of duties that the applicant is a licensed agent, is expected to perform on behalf of the insurer, the lines of insurance for which the applicant is to be authorized to act, and any other information the commissioner may request.
- (f) Review each quarter its books and records to determine if an agent has become a managing general agent. If the insurer determines that an agent has become a managing general agent, the insurer shall promptly notify the agent and the commissioner of this determination and the insurer and agent shall fully comply with the provisions of this chapter within 30 days.
- (g) Except as to relationships governed by chapter 13, shall not appoint to the board of directors an officer, director, employee, agent, or controlling shareholder of the insurer's managing general agents.

History: Add. 1990, Act 350, Eff. June 1, 1991

Popular Name: Act 218