

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

500.6550 Loans.

Sec. 6550.

Any pool organized under this chapter may secure its required funds for the deposit required under section 411, contingency reserve and other reserve purposes, and to defray the reasonable expenses of its organization by means of loans, upon an agreement that has first been submitted to and approved by the commissioner, that the funds shall be repaid with interest accrued in a manner and at a rate approved by the commissioner. The agreement under which the funds are obtained shall provide that any claim for their return shall be inferior and subordinate to all claims of and reserves for policyholders and creditors and shall not be liabilities or claims against the pool or any of its assets except as provided in this section. Interest shall be paid and principal shall be retired only out of surplus of the pool in excess of current obligations and of reserves required by this chapter. No part of principal shall be retired or interest paid unless the surplus remaining after repayment is determined adequate to comply with section 403 and the pool has received the written consent of the commissioner. The amount of funds obtained pursuant to this section and any portion retired during any year shall be reported in the pool's annual statement.

History: Add. 1986, Act 173, Imd. Eff. July 7, 1986 ;-- Am. 1994, Act 226, Imd. Eff. June 27, 1994

Popular Name: Act 218