

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 5692 (Substitute H-3 as passed by the House)
Sponsor: Representative Samuel Buzz Thomas III
House Committee: Commerce
Senate Committee: Financial Services

Date Completed: 9-16-98

CONTENT

The bill would amend the Insurance Code to exclude a policy of mortgage guaranty insurance from the Code's prohibition against the issuance of a casualty insurance policy unless the policy contains certain specified provisions pertaining to its cancellation.

The bill also specifies that a mortgagor who paid premiums for mortgage guaranty insurance on a mortgage for a single-family, owner-occupied home would be entitled to the notification information required by the "Mortgage Insurance Limitation and Notification Act", proposed by House Bill 5691.

(House Bill 5691 (H-2), as passed by the House, provides that a mortgagee requiring private mortgage insurance (PMI) as a condition of making a mortgage loan would have to give the mortgagor information, at the time of closing, regarding the reason for the PMI, the target percentage of equity necessary to request cancellation of the PMI, and any other terms and conditions necessary before the mortgagor could request cancellation of the PMI. The holder of the mortgage also would have to notify the mortgagor annually of the terms and conditions under which the mortgagor could request the holder to cancel the insurance, and provide an address and telephone number that could be used to contact the holder to determine whether the PMI could be canceled.)

MCL 500.3020

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: M. Tyszkiewicz

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