



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 1013 (as introduced 2-25-04)
Sponsor: Senator Mark Schauer
Committee: Appropriations

Date Completed: 3-2-04

CONTENT

The bill would amend the Uniform Unclaimed Property Act to provide that unclaimed property payable or distributable in conjunction with the demutualization of an insurance company would be presumed abandoned after two years.

Under current law, companies, banks, and financial institutions with unclaimed funds must turn those funds over to the State Treasurer if, for a period of five years, no owner-generated activity has occurred and the owner has not responded to inquiries. The unclaimed funds are then held by the State Treasurer until the owner or the owner's heir is located and the funds are claimed.

The bill would shorten the dormancy period to two years before assets are turned over to the State Treasurer in cases in which the demutualization of insurance company occurs. The bill would define "demutualization" as "the payment of consideration for the relinquishment of a mutual membership interest in a mutual insurance company, regardless if undertaken in conjunction with a plan of demutualization, liquidation, merger, or other form of reorganization".

MCL 567.239

FISCAL IMPACT

The bill would increase State revenues by approximately \$15.0 million per year in both FY 2003-04 and FY 2004-05. Revenues generated by the bill were assumed as part of the efforts to bring the FY 2003-04 budget into balance.

Fiscal Analyst: David Zin

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