

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 4432 (Substitute H-1 as reported without amendment)
Sponsor: Representative Larry Julian
House Committee: Insurance
Senate Committee: Banking and Financial Institutions

CONTENT

The bill would amend the Insurance Code to specify that a commercial fire insurance policy issued or delivered in Michigan could exclude coverage for loss by fire or other perils insured against, if the fire or perils were caused directly or indirectly by terrorism.

Under the bill, "terrorism" would mean any of the following:

- A certified act of terrorism as defined in the Federal Terrorism Risk Insurance Act (116 Stat. 2322). (That Act defines "act of terrorism" as an act certified by the Secretary of the Treasury, in concurrence with the U.S. Secretary of State and the U.S. Attorney General, to be an act of terrorism; to be a violent act or act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States or, under certain conditions, outside of the country; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the U.S. civilian population or to influence the policy or affect the conduct of the U.S. government by coercion.)
- A violent act or an act that was dangerous to human life, property, or infrastructure that was committed by one or more individuals and that appeared to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion.
- Terrorism as defined in a form that was voluntarily filed under and subject to Section 2236 of the Code and was properly in use (MCL 500.2236). (That section provides for basic insurance policy forms to be filed with the Office of Financial and Insurance Services (OFIS) and approved by the OFIS Commissioner before the forms are issued or delivered to a person in Michigan.)

The provision allowing exclusion of terrorism coverage would apply notwithstanding Section 2833 of the Code (which mandates certain coverage in fire insurance policies).

Proposed MCL 500.2834

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

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

Date Completed: 5-1-03

Fiscal Analyst: Maria Tyszkiewicz