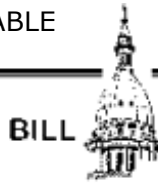




Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 5931 (Substitute H-1 as reported by the Committee of the Whole)
Sponsor: Representative David Robertson
House Committee: Insurance
Senate Committee: Banking and Financial Institutions

CONTENT

The bill would amend the Insurance Code to provide for the use of the 2001 Commissioners Standard Ordinary (CSO) mortality table for use in determining life insurance companies' minimum reserve liabilities as well as premiums and nonforfeiture benefits. For policies issued on or after July 1, 2004, and before January 1, 2009, the 2001 CSO mortality table could be used as the minimum standard, at the election of an insurer for each plan of insurance. If an insurer elected to use this table, it would have to do so for both valuation and nonforfeiture purposes. In determining minimum standards for policies issued on or after January 1, 2009, insurers would have to use the 2001 CSO mortality table.

Also, in addition to the Code's other requirements, a life insurer would have to use Appendix A-830 of the National Association of Insurance Commissioners (NAIC) accounting practices and procedures manual for the valuation of life insurance policies. The bill specifies conditions that would apply in valuing life insurance policies pursuant to Appendix A-830. Any supplements, replacements, or changes to Appendix A-830 that were adopted by the NAIC could take effect only if adopted by rule by the Commissioner of the Office of Insurance and Financial Services.

The bill would take effect on July 1, 2004.

MCL 500.834 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

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

Date Completed: 6-29-04

Fiscal Analyst: Maria Tyszkiewicz