



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

House Bill 6313 (Substitute H-1 as reported without amendment)

Sponsor: Representative Joe Hune

House Committee: Insurance

Senate Committee: Banking and Financial Institutions

### **CONTENT**

The bill would amend Chapter 77 of the Insurance Code (the Michigan Life and Health Insurance Guaranty Association Act) to do all of the following:

- Include coverage of nonresidents for an unallocated annuity contract or a structured settlement annuity under certain conditions, and make other changes in the list of people to whom Chapter 77 provides coverage.
- Revise coverage limits established in Chapter 77.
- Establish requirements regarding unallocated annuities for the Michigan Life and Health Insurance Guaranty Association annuity subaccounts.
- Specify that the two members of the Association's board representing the general public could not be engaged in the business of insurance.
- Revise provisions pertaining to the Association's powers and duties.
- Revise procedures pertaining to assessments on Association members.
- Provide that, as a creditor of an impaired or insolvent insurer, the Association and other similar associations would be entitled to receive assets as a credit against contractual obligations.

The bill also would amend Chapter 8 (Assets and Liabilities) of the Code to allow an insurer, for each calendar year of issue for one or more specified plans of insurance, to substitute the 2001 CSO preferred class structure mortality table in place of the 2001 CSO smoker and nonsmoker mortality tables, as the minimum valuation standard for policies issued on or after January 1, 2007, under certain circumstances.

The amendments to Chapter 77 would apply to an insurer impairment or insurer insolvency proceeding commenced on or after the bill's effective date for which Association coverage obligations were incurred. The Chapter 8 amendment would apply on and after January 1, 2007.

MCL 500.7702 et al.

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

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

Date Completed: 12-13-06

Fiscal Analyst: Elizabeth Pratt  
Maria Tyszkiewicz

[floor\hb6313](#)

Analysis available @ <http://www.michiganlegislature.org>

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.