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BILL ANALYSIS

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Senate Bill 1508 (as introduced 9-18-08)
Sponsor: Senator Alan Sanborn
Committee: Economic Development and Regulatory Reform

Date Completed: 9-24-08

CONTENT

The bill would amend Chapter 44 (Group Life Insurance) of the Insurance Code to remove the monetary limit on the insurance available to a member of a group participating in discretionary group life insurance.

Sections 4404 to 4420 of Chapter 44 identify specific types of groups for which group life insurance may be issued, such as labor unions, teachers, National Guard units, and groups of borrowers or purchasers. Section 4424 permits the Commissioner of Financial and Insurance Regulation to authorize insuring other groups on a group basis, if conditions or circumstances indicate that granting permission for discretionary group life insurance coverage is in the interest of public policy. A discretionary group must consist of at least 250 people, and the percentage of participating employees or members, the types of coverage to be offered, and the amounts of insurance to be provided must be as the Commissioner determines.

The maximum insurance available to any member of a discretionary group may not exceed a specific dollar amount, which was set at \$80,000 in 1982, subject to a requirement that it be adjusted annually to reflect changes in the cost of living. If a group that previously operated under Sections 4404 to 4420 is continued under Section 4424, however, the types of insurance and amounts of coverage already authorized may be continued although they exceed the limits that otherwise would apply. The bill would delete these provisions.

MCL 500.4424

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

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

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