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BILL ANALYSIS

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Senate Bill 24 (as enacted)
Sponsor: Senator Tonya Schuitmaker
Senate Committee: Insurance
House Committee: Insurance

PUBLIC ACT 75 of 2011

Date Completed: 8-24-11

CONTENT

The bill amended the Insurance Code to allow a premium finance company that is majority owned by insurance producers to remunerate its insurance producer owners, unless the company finances life insurance or annuity policies.

The bill took effect on July 12, 2011.

An insurance premium finance agreement is an agreement by which an insured or prospective insured promises to pay a premium finance company the amount advanced or to be advanced under the agreement to an insurer or to an insurance agent in payment of premiums on an insurance contract together with a service charge.

The Commissioner of the Office of Financial and Insurance Regulation may revoke or suspend the license of a premium finance company if, after investigation, it appears to the Commissioner that the company has remunerated any insurance producer or any employee of an insurance producer or any other person as an inducement to the financing of any insurance policy with the premium finance company. (The Code previously referred to an agent, rather than a producer.) The bill states that this provision does not prohibit a premium finance company that is majority owned by insurance producers from remunerating any of its insurance producer owners, unless the company is involved in any manner in financing life insurance or annuity policies or contracts.

MCL 500.1505

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

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

Fiscal Analyst: Josh Sefton

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