



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

Senate Bill 467 (Substitute S-2 as reported)
Sponsor: Senator Rick Jones
Committee: Families, Seniors, and Human Services

CONTENT

The bill would amend Chapter 41A (Annuity Recommendation to Consumers) of the Insurance Code to do the following:

- Extend the chapter to recommendations to replace an annuity.
- Require an insurance producer's or insurer's belief that a recommendation is suitable for a consumer to be based on "suitability information", and require there to be a reasonable basis for certain beliefs.
- Expand the circumstances under which a producer or insurer does not have an obligation to a consumer.
- Require a consumer purchasing an individual annuity to be given a copy of the annuity policy within a reasonable time after the annuity was accepted and issued.
- Repeal and replace a section requiring an insurer to establish and maintain a supervision system or contract for that function.
- Require a producer to complete a training course in order to sell annuities, and prescribe course requirements.
- Provide that a sale made in compliance with financial industry regulatory authority requirements pertaining to suitability and supervision of annuity transactions would satisfy the requirements of Chapter 41A, under certain circumstances.
- Refer to an annuity "that is an insurance product under state law", rather than "a fixed annuity or variable annuity", in the definition of "annuity".

The bill would take effect nine months after it was enacted.

MCL 500.4151 et al.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would introduce some new, likely small, administrative costs to the Office of Financial and Insurance Regulation (OFIR). The bill would require the Commissioner of OFIR to approve annuity training courses and potentially review training programs from other states. Additionally, OFIR would have to maintain a registry of training course providers. Since the bill would provide no additional funding for OFIR, the Office would fulfill these requirements using existing resources of the Department of Licensing and Regulatory Affairs.

Date Completed: 10-31-11

Fiscal Analyst: Josh Sefton