



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 859 (Substitute S-1 as reported)
Sponsor: Senator Dave Hildenbrand
Committee: Insurance

CONTENT

The bill would add Chapter 29A (Portable Electronics Insurance) to the Insurance Code to:

- Prohibit a person from selling or offering for sale portable electronics insurance unless the insurance were sold or offered for sale in compliance with Chapter 29A.
- Allow a vendor or employee or authorized representative who acted in compliance with Chapter 29A to sell portable electronics insurance at each location where the vendor engaged in portable electronics transactions.
- Require a vendor to maintain a registry of Michigan locations authorized to sell portable electronics insurance, and open the registry to inspection by the Commissioner of the Office of Financial and Insurance Regulation (OFIR).
- Require a vendor to make available to prospective customers brochures or other materials summarizing the terms of the coverage and disclosing specific information.
- Require an insurer issuing a portable electronics insurance policy to establish eligibility and underwriting standards for customers.
- Require an insurer that issued a portable electronics insurance policy to supervise or appoint a supervising entity (a licensed insurance producer or insurer) to supervise the administration of the portable electronics insurance program.
- Allow a vendor to bill and collect the charges for portable electronics insurance coverage for the insurer's benefit and receive compensation for these services.
- Authorize the Commissioner to impose an administrative fine and suspend or revoke transaction privileges for a violation of Part 29A.
- Allow a policy to be terminated or modified as stated in the policy.

The bill also would amend Chapter 12 (Agents, Solicitors, Adjustors, and Counselors) of the Code to provide that Chapter 12 would not apply to the sale, solicitation, or negotiation of portable electronics insurance under Chapter 29A.

MCL 500.1201 et al.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on the Department of Licensing and Regulatory Affairs.

The bill would establish administrative fines for violations of the proposed chapter. Those fines would be not more than \$500 for each violation, or a maximum of \$5,000 for multiple violations that were similar in nature. Revenue from these fines would be deposited in the Insurance Bureau Fund, which supports the operation of OFIR.

Date Completed: 5-24-12

Fiscal Analyst: Josh Sefton