



**Senate Fiscal Agency**  
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House Bill 5150 (as reported without amendment)  
Sponsor: Representative Ben Glardon  
House Committee: Insurance  
Senate Committee: Insurance

### **CONTENT**

The bill would amend the Insurance Code to extend to an electronic application certain provisions regarding an application for a life insurance policy. Specifically, the Code requires each life insurance policy to provide that, in the absence of fraud, all statements made by the insured are considered representations and not warranties. The statement may not avoid the policy unless the statement is contained in a written application, and a copy must be endorsed upon or attached to the policy when issued. The bill specifies that an application obtained through electronic means would be an application under these provisions. The bill also would require the information contained in the application to be endorsed upon or attached to the policy.

The bill also would prescribe a formula for calculating the refund due to the purchaser of a variable annuity contract who returned the policy or contract. The refund would have to equal the sum of the following:

- The difference between premiums paid, including any policy or contract fees or other charges, and the amounts allocated to any separate accounts under the policy or contract.
- The value of the amounts allocated to any separate accounts under the policy or contract on the date the insurer or its insurance producer received the returned policy.

MCL 500.4016 & 500.4073

Legislative Analyst: Jeff Mann

### **FISCAL IMPACT**

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

Date Completed: 3-5-14

Fiscal Analyst: Glenn Steffens