

USE OF RACE OR COLOR IN LIFE INSURANCE

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5380 as introduced
Sponsor: Rep. Martin Howrylak
Committee: Insurance
Complete to 4-27-16

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

The bill would amend Section 2082 of the Insurance Code, which prohibits life insurance companies from discriminating in setting premiums or rates for life insurance policies or imposing other conditions. The bill would remove references to "white persons" and "colored persons" and generally rewrite the provisions. Also, penalties for violations would be increased.

As rewritten, the bill would prohibit a life insurer from:

- Making any distinction or discrimination between individuals based on race or color as to the premiums or rates charged, or in any other manner.
- Demand or require a greater premium from an individual based on that individual's race or color.
- Making or requiring a rebate, diminution, or discount on the amount to be paid on a life insurance policy based on an individual's race or color, or inserting any condition or any stipulation by which the insured individual binds himself or herself (or heirs, personal representatives, assigns, etc.) to accept an amount less than the full amount of value of the policy for a claim accruing because of the death of the insured, based on the individual's race or color. Any such stipulation or condition would be void.

The bill also would increase penalties for violations. The penalty for a violation by an insurance company would be increased from \$500 per violation to \$10,000 per violation, to be recovered by the attorney general. A violation by an officer or agent would continue to be a misdemeanor punishable by imprisonment in the county jail for not more than one year. The accompanying fine would be increased from a minimum of \$50 and a maximum of \$500, to a minimum of \$500 and a maximum of \$10,000.

FISCAL IMPACT:

The bill would not have a significant fiscal impact. Any increase in penal fine revenues would increase funding for local libraries, which are the constitutionally designated recipients of those revenues.

Legislative Analyst: Chris Couch
Fiscal Analyst: Paul B.A. Holland

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.