

Legislative Analysis



PROPERTY-CASUALTY INSURER: ALLOW GIFT TO CUSTOMER OF \$50 OR LESS

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

House Bill 5609 as reported from committee as H-1 substitute

Sponsor: Rep. Leslie Love

House Committee: Insurance

Complete to 3-7-18

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

(Enacted as Public Act 542 of 2018)

SUMMARY:

House Bill 5609 would amend the Insurance Code (MCL 500.2024b) to increase the value of a gift an insurer can give to a customer.

Currently under the Code, a property-casualty insurance company can give an insured or applicant an article of merchandise with an invoice value of \$10 or less. The bill would allow for the giving of an article of merchandise with a cost to the insurer of \$50 or less per calendar year.

As under current law, the gift would not be considered prohibited under Section 2024, 2066, or 2070 of the Code, which generally prohibit unfair methods of competition or deception, as well as the offering and acceptance of certain types of rebates and inducements.

FISCAL IMPACT:

The bill would not have a fiscal impact on the Department of Insurance and Financial Services.

BRIEF DISCUSSION:

According to supporters, the bill is intended to update the allowable gift amount that was first enacted by Public Act 260 of 2005. The gift amount was then set at a \$10 limit, and has not been updated since. Reportedly, this is one of the lowest amounts among states that allow gifts for insurance customers. Supporters believe that Michigan should raise the limit, and \$50 is generally in line with what other states permit. This is a consumer-based incentive and could be used by individuals when shopping for insurance.

POSITIONS:

The following organizations indicated support for the bill:

AAA Michigan (2-22-18)

Allstate Insurance Corporation (2-22-18 and 3-1-18)

Michigan Association of Insurance Agents (3-1-18)

National Association of Insurance and Financial Advisors (3-1-18)

Legislative Analyst: Patrick Morris

Fiscal Analyst: Marcus Coffin

■ 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.