

Legislative Analysis



INSURANCE AGENT'S FIDUCIARY RESPONSIBILITY

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<http://www.house.mi.gov/hfa>

House Bill 4376 as introduced
Sponsor: Rep. Brenda Carter
Committee: Insurance and Financial Services
Complete to 4-13-23

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

SUMMARY:

House Bill 4376 would amend the Insurance Code to modify the responsibilities of an agent (i.e., an insurance producer) as a fiduciary.

Currently, the act states that an agent is a fiduciary for all money received in their capacity as an agent. The act imposes various requirements on agents' conduct in their fiduciary capacity. The bill would retain and reorganize these current requirements.

The bill also would impose new limitations on how an agent can hold premiums and return premiums in their fiduciary capacity. Under the bill, an agent would have to treat all premiums and return premiums as fiduciary money and segregate the premiums from the agent's own money. The premiums would have to be kept in a separate, interest-bearing account in a state or federally chartered financial institution that is federally insured. The account could be established with a deposit of the agent's own money only if the deposit is required to open the account or to avoid bank charges or fees for maintaining the account. Once the first deposit of premiums or return premiums was made into the account, the agent would have to immediately withdraw the money or maintain the money in the account and separately account for it.

An agent could hold premiums in the separate account described above for the purpose of paying future premiums on behalf of an insured individual with that individual's written authorization.

MCL 500.1207

FISCAL IMPACT:

The bill would not have a fiscal impact on the state or on local units of government.

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