



Senate Fiscal Agency
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House Bill 4376 (Substitute H-1 as reported without amendment)
Sponsor: Representative Brenda Carter
House Committee: Insurance and Financial Services
Senate Committee: Finance, Insurance, and Consumer Protection

CONTENT

The bill would amend the Insurance Code to modify how an insurance producer (agent) could hold and return premiums within the agent's existing fiduciary capacity as follows:

- Require an agent to treat all premiums and return premiums as fiduciary money.
- Prohibit an agent from commingling premiums or return premiums with the agent's own money except to establish a separate account.
- Prohibit an agent from depositing money from the agent's own account except for deposits to maintain such an account.
- Require an agent to document the receipt of the fiduciary money.

MCL 500.1207

BRIEF RATIONALE

Generally, insurance brokers are required to act in a fiduciary capacity while insurance agents, by statute, are not. According to testimony before the Senate Committee on Finance, Insurance, and Consumer Protection, the National Association of Insurance Commissioners issued the Producer Licensing Model Act which combined the functions of brokers and agents. It has been suggested that legislation codify this change to require agents to act in a fiduciary capacity and prohibit them from commingling funds to protect consumers' money.

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

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

Date Completed: 10-6-23

Fiscal Analyst: Elizabeth Raczkowski