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Senate Bill 24 (Substitute S-1 as reported)
Sponsor: Senator Tonya Schuitmaker
Committee: Insurance

CONTENT

The bill would amend the Insurance Code to allow a premium finance company that was majority owned by insurance producers to remunerate its insurance producer owners, unless the company were financing life insurance or annuity policies.

An insurance premium finance agreement is an agreement by which an insured or prospective insured promises to pay a premium finance company the amount advanced or to be advanced under the agreement to an insurer or to an insurance agent in payment of premiums on an insurance contract together with a service charge.

The Commissioner of the Office of Financial and Insurance Regulation may revoke or suspend the license of a premium finance company if, after investigation, it appears to the Commissioner that the company has remunerated any insurance agent or any employee of an insurance agent or any other person as an inducement to the financing of any insurance policy with the premium finance company. The bill states that this provision would not prohibit a premium finance company that was majority owned by insurance producers from remunerating any of its insurance producer owners, unless the company were involved in any manner in financing life insurance or annuity policies or contracts.

The bill also would refer to an insurance producer, rather than insurance agent.

MCL 500.1505

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

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

Date Completed: 5-10-11

Fiscal Analyst: Josh Sefton