Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 706 (as reported without amendment)
Sponsor: Senator Vincent Gregory
Committee: Families, Seniors and Human Services

CONTENT

The bill would amend the Uniform Trade Practices Act within the Insurance Code to make it an unfair method of competition, and an unfair or deceptive act or practice, for an insurance producer to use a senior-specific certification or professional designation that misled a purchaser or prospective purchaser that the producer had special certification or training in advising or servicing seniors in connection with the solicitation, sale, or purchase of a life insurance or annuity product, or in the provision of advice as to the value of or the advisability of purchasing or selling such a product, either directly or indirectly through publications or writings, or by issuing or promulgating analyses or reports related to a life insurance or annuity product.

The bill identifies specific certifications or professional designations whose use would be prohibited. The bill would establish a rebuttable presumption that a certifying or designating organization was not disqualified solely based on those factors if the certification or designation issued from the organization did not apply primarily to sales or marketing and if the organization, or the certification or designation in question, had been accredited by an organization described in the bill.

For the bill's purposes, a job title within an organization that was licensed or registered by a State or Federal financial services regulatory agency would not be a certification or professional designation, unless it were used in a manner that would confuse or mislead a reasonable consumer, if the job title indicated seniority or standing within the organization or specified an individual's area of specialization within the organization.

Proposed MCL 500.2007a Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have likely have little fiscal impact on the Department of Licensing and Regulatory Affairs. Under current law, people who engage in unfair practices prohibited under the Insurance Code can be subject to penalties of up to $500 per violation, for an aggregate total of up to $5,000. If the violation was willful, the maximum total penalties can add up to $25,000. The bill simply would add an additional set of actions declared to be unfair practices. To the extent that these new prohibited actions would result in additional violations, the Department could collect additional penalty revenue. Penalty revenue would be credited to the Insurance Licensing and Regulation Fund.

Date Completed: 10-27-11 Fiscal Analyst: Josh Sefton