

HOUSE BILL No. 6492

November 7, 2002, Introduced by Reps. Voorhees and Richner and referred to the Committee on Insurance and Financial Services.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 2236a (MCL 500.2236a), as added by 1993
PA 349.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2236a. All of the following information shall be main-
2 tained on file by the insurer for all interest indexed
3 ~~universal~~ life insurance policies AND ANNUITY CONTRACTS:

4 (a) A description of how the interest credits are deter-
5 mined, including all of the following:

6 (i) A description of the index.

7 (ii) The relationship between the value of the index and the
8 actual interest rate to be credited.

9 (iii) The frequency and timing that determines the interest
10 rate.

(iv) If more than 1 rate of interest applies to different portions of the policy OR ANNUITY value, the allocation of interest credits.

(b) The insurer's investment policy, which shall include a description of all of the following:

(i) How the insurer addresses the reinvestment risks.

(ii) How the insurer plans to address the risk of capital loss on cash outflows.

(iii) How the insurer plans to address the risk that appropriate investments may not be available or not available in sufficient quantities.

(iv) How the insurer plans to address the risk that the indexed interest rate may fall below the minimum contractual interest rate guaranteed in the policy OR ANNUITY.

(v) The amount and type of assets currently held for interest indexed policies OR ANNUITIES.

(vi) The amount and type of assets expected to be acquired in the future.

(c) If a policy OR ANNUITY is linked to an index for a specified period less than the maturity date of the policy OR ANNUITY, a description of the method to be used to determine interest credits upon the expiration of the period.

(d) A description of any interest guarantee in addition to or in lieu of the index.

(e) A description of any maximum premium limitations and the conditions under which they apply.