



Senate Fiscal Agency
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**BILL ANALYSIS**

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Senate Bill 748 (Substitute S-2 as reported)
Sponsor: Senator Jason E. Allen
Committee: Senior Citizens and Veterans Affairs

CONTENT

The bill would amend the Insurance Code to provide that an individual life insurance policy could not lapse, terminate, or be forfeited for nonpayment of premiums or interest or indebtedness on a premium if protection were applied for and granted under 50 USC App 541 to 549 (a Federal law that provides for protection against the termination of a life insurance policy while the insured is performing military service and during two years after that service).

If the Commissioner of the Office of Financial and Insurance Services found that a person intentionally had violated the bill and had refused to comply with it after the violation was made known, then after an opportunity for a hearing under the Administrative Procedures Act, the Commissioner would have to put the findings and decision in writing and could order the reinstatement of the policy and payment of a civil fine of up to \$2,000 per violation, in addition to any other penalty provided by law. A fine collected under the bill would have to be deposited into the Military Family Relief Fund created in the Military Family Relief Fund Act.

"Individual life insurance policy" would mean "policy" as defined in 50 USC App 541.

Proposed MCL 500.4003

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have a minimal impact on the Office of Financial and Insurance Services (OFIS) within the Department of Labor and Economic Growth. Additional costs would depend on the frequency of complaints and hearings pursuant to the bill. It is expected, however, that these could be handled by existing staff. The office is funded entirely by restricted funds paid by regulated firms and individuals.

Any civil fines collected under the bill would be deposited into the Military Family Relief Fund, which was created to provide grants to military families in financial need. The amount of revenue would depend on the number of enforcement actions and the size of the fine imposed by the OFIS Commission in each case. Currently, the Military Family Relief Fund is funded primarily by donations via a check-off on the Michigan income tax return. Since its beginning in tax year 2004, the Fund has received donations totaling \$2,577,000.

Date Completed: 2-27-08

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