

Legislative Analysis



PREMIUM FINANCE COMPANIES: REMUNERATION OF INSURANCE PRODUCERS

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House Bill 5494

Sponsor: Rep. Tonya Schuitmaker

Committee: Insurance

Complete to 5-19-10

A SUMMARY OF HOUSE BILL 5494 AS INTRODUCED 10-1-09

Under the Insurance Code, premium finance companies are prohibited from remunerating an insurance agent or an employee of an insurance agent (or any other person) as an inducement to the financing of an insurance policy with a premium finance company. The Code allows the Insurance Commissioner to revoke or suspend the license of a premium finance company that violates this provision. There is an exception to that provision that allows an agent to receive a \$2 service fee for preparing a premium finance agreement.

House Bill 5494 would amend the Insurance Code to prohibit a premium finance company from providing such remuneration to anyone other than an insurance producer (agent) or employee of an insurance producer.

(An "insurance producer" in the Code typically means a person required to be licensed under the laws of this state to sell, solicit, or negotiate insurance.)

MCL 500.1505

FISCAL IMPACT:

The bill would have no fiscal impact on the state or local units of government.

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