

Legislative Analysis



PREMIUM FINANCE COMPANIES: REMUNERATION OF INSURANCE PRODUCERS

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Senate Bill 24

Sponsor: Sen. Tonya Schuitmaker

Committee: Insurance

Complete to 6-15-11

A SUMMARY OF SENATE BILL 24 AS PASSED BY THE SENATE

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.

Senate Bill 24 would amend the Insurance Code to allow a premium finance company ***that is majority owned by insurance producers*** to remunerate its insurance producer owners. However, this does not apply to a premium finance company that is involved in any manner in financing life insurance or annuity policies or contracts.

(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. The bill would use that term where the law now refers to "agents.")

MCL 500.1505

FISCAL IMPACT:

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

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