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 937 (Substitute S-1 as reported)
Sponsor: Senator Joe Hune
Committee: Insurance

CONTENT

The bill would amend Chapter 81 (Supervision, Rehabilitation, and Liquidation) of the Insurance Code to revise provisions under which a person cannot be prevented from terminating a netting agreement or qualified financial contract with an insurer that is subject to a delinquency proceeding, or exercising certain contractual rights under related security agreements, and a receiver may not avoid a transfer in connection with such an agreement or contract that was made before a delinquency proceeding began. Under the bill, these provisions would apply to a security agreement with a state- or federally chartered financial institution (that was not related to a netting agreement or qualified financial contract).

Specifically, a person could not be stayed or prohibited under Chapter 81 from exercising a pledge, security, collateral, reimbursement, or guarantee agreement or a similar security agreement with a state- or federally chartered financial institution organized under the laws of any state or of the United States.

Also, a receiver could not avoid a transfer of money or other property arising in connection with a pledge, security, collateral, reimbursement, guarantee agreement, or similar security agreement with a state- or federally chartered financial institution, that was made before the commencement of a formal delinquency proceeding under Chapter 81.

MCL 500.8115a Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 3-8-12 Fiscal Analyst: Josh Sefton