

HOUSE BILL NO. 4350

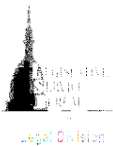
March 13, 2019, Introduced by Reps. Yancey, Elder, Ellison, Tyrone Carter, Kuppa, Kennedy, Gay-Dagnogo, Cynthia Johnson, Haadsma, Cambensy, Byrd, Pohutsky, Love, Hammoud, Hope, Sabo, Bolden, Sneller, Hertel, Pagan, Shannon, Garza, Brenda Carter, Lasinski, LaGrand, Garrett, Jones, Rabhi, Coleman and Robinson and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 4037 (MCL 500.4037), as amended by 1994 PA 226.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4037. Each universal life insurance policy ~~shall~~**must**
2 contain all of the following provisions:

3 (a) That the insurer will send to the policyholder without
4 charge at least annually a report advising the policyholder as to
5 the policy status. The end of the current report period ~~shall~~**must**
6 be not more than 3 months ~~prior to~~**before** the date of the mailing



1 of the report. The report ~~shall~~**must** include all of the following:

2 (i) The beginning and end of the current report period.

3 (ii) The policy value at the end of the previous report period
4 and at the end of the current report period.

5 (iii) The total of all amounts, identifying each by type such as
6 interest, mortality, expense, and riders, that have been credited
7 or debited to the policy value during the current report period.

8 (iv) The current death benefit at the end of the current report
9 period on each life covered by the policy.

10 (v) The net cash surrender value of the policy as of the end
11 of the current report period.

12 (vi) The amount of outstanding loans, if any, as of the end of
13 the current report period.

14 (vii) For fixed premium universal life insurance policies, if,
15 assuming guaranteed interest, mortality, and expense loads and
16 continued scheduled premium payments, the policy's net cash
17 surrender value is such that it would not maintain insurance in
18 force until the end of the next reporting period, a notice to this
19 effect.

20 (viii) For flexible premium universal life insurance policies,
21 if, assuming guaranteed interest, mortality, and expense loads, the
22 policy's net cash surrender value will not maintain insurance in
23 force until the end of the next reporting period unless further
24 premium payments are made, a notice to this effect.

25 (b) An illustrative report that will be sent to the
26 policyowner ~~upon~~**on** request. ~~This~~**The illustrative** report ~~shall~~
27 **must** contain the same minimum requirements as those set forth in
28 the universal life disclosure requirements in section 4038.

29 (c) Guarantees of minimum interest credits and maximum



1 mortality and expense charges, all values and data shown in the
 2 policy are based on guarantees, figures based on nonguarantees are
 3 not included in the policy, minimum and maximum guarantees are in
 4 addition to any index guarantees, and if guaranteed credits or
 5 charges are also the current credits or charges, the amounts may be
 6 included in the policy if clearly labelled. The maturity date is
 7 not considered a guarantee for purposes of this section.

8 (d) At least a general description of the calculation of cash
 9 surrender values including all of the following information:

10 (i) The guaranteed maximum expense charges and loads.

11 (ii) Any limitation on the crediting of additional interest.

12 Interest credits ~~shall~~**must** not remain conditional for a ~~period~~
 13 longer than 12 months.

14 (iii) The guaranteed minimum rate or rates of interest.

15 (iv) The guaranteed maximum mortality charges.

16 (v) Any other guaranteed charges.

17 (vi) Any surrender or partial withdrawal charges.

18 (e) If the policyowner has the right to change the basic
 19 coverage, a statement of any limitation on the amount or timing of
 20 the change. ~~If~~**Subject to subdivision (h)**, **if** the policyowner has
 21 the right to increase the basic coverage, a statement as to whether
 22 a new period of contestability or suicide is applicable to the
 23 additional coverage.

24 (f) If a policy provides for a maturity date, end date, or
 25 similar date, ~~then~~a statement, in close proximity to that date,
 26 that it is possible that coverage may not continue to the maturity
 27 date even if scheduled premiums are paid in a timely manner. ~~if~~
 28 ~~such is the case.~~

29 (g) That **the insurer will send** written notice ~~shall be sent by~~



1 ~~the insurer~~ to the policyowner's last known address at least 30
2 days ~~prior to~~ **before** termination of coverage. A flexible premium
3 universal life insurance policy ~~shall~~ **must** provide for a grace
4 period of at least 30 days after lapse with lapse occurring on that
5 date on which the net cash surrender value first equals zero or as
6 otherwise defined in the policy.

7 **(h) If the insured commits suicide, that the insurer will**
8 **provide coverage for reasonable funeral and burial expenses not to**
9 **exceed the policy's coverage limit.**

