
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 4661 (as passed by the House)

Sponsor: Representative Gerald Law

House Committee: Insurance

Senate Committee: Financial Services

Date Completed: 11-4-97

CONTENT

The bill would amend Public Act 386 of 1996, which regulates viatical settlement contracts, to prohibit a contract provider from rewarding or paying any person for procuring business, furnishing a lead or prospect, or inducing a viator to sign a viatical settlement contract with the provider.

Under the Act, a person with a terminal illness or condition who owns or holds a life insurance policy, and a "provider", may enter into a "viatical settlement contract", a written agreement between the person (the "viator") and the provider in which the provider pays consideration less than the expected death benefit of the viator's policy in return for his or her assignment or sale of the death benefit to the provider.

The Insurance Commissioner may prohibit a provider from entering into a viatical settlement contract in Michigan if the Commissioner finds that the provider has violated certain provisions in the Act. Further, if a person knew or reasonably should have known that he or she was in violation of the Act, the Commissioner may order the payment of all death benefits and other proceeds paid by a viator affected by the violation and a civil fine of up to \$2,500, for each violation. The bill would revise this provision to allow the Commissioner to order repayment of all consideration paid by or on behalf of a viator for a viatical settlement contract affected by the violation and a civil fine up to \$2,500, for each violation, if the provider knew or reasonably should have known that the provider was in violation of the Act.

MCL 550.528 et al.

Legislative Analyst: G. Towne

FISCAL IMPACT

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

Fiscal Analyst: M. Tyszkiewicz

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