

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 5535 (as passed by the House)
Sponsor: Representative David M. Gubow
House Committee: Insurance
Senate Committee: Financial Services

Date Completed: 5-1-98

CONTENT

The bill would amend the Insurance Code to revise the requirement for interest rate disclosure at the time of application for a life insurance policy.

The Code requires that, at the time an agent takes an application for a life insurance policy, the agent furnish to the applicant a statement of policy information. The illustration of policy premium, death benefit, and cash value must be shown for the current interest rate actually being paid on existing policies in force and for the rate guaranteed in the policy. No other interest rate may be illustrated. The bill provides, instead, that cash value would have to be shown for an interest rate no higher than the current interest rate actually being paid on the policy illustrated or to be issued and for the rate guaranteed in the policy. The bill specifies that interest rates higher than those could not be illustrated.

MCL 500.4038

Legislative Analyst: P. Affholter

FISCAL IMPACT

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

Fiscal Analyst: M. Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.