

Legislative Analysis



ESCHEATS, DEMUTUALIZATION

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Senate Bill 1013

Sponsor: Rep. Senator Mark Schauer

Committee: Appropriations

Completed: March 11, 2004

A SUMMARY OF SENATE BILL 1013 AS PASSED SENATE March 10, 2004

This bill would amend the Uniform Unclaimed Property Act to provide that unclaimed property payable or distributable in conjunction with the demutualization of an insurance company would be presumed abandoned after two years.

Under current law, banks and financial institutions turn over unclaimed funds/property to the State Treasurer, if for a period of five years, no owner-generated activity has occurred and the owner has not responded to inquiries. The State Treasurer holds the unclaimed funds until the owner or the owner's heir is located and the funds are claimed.

This bill would shorten the dormant period from five to two years before assets are turned over to the State Treasurer in cases of demutualization of an insurance company. As specified in the bill demutualization means "the payment of consideration for the relinquishment of a mutual membership interest in a mutual insurance company, regardless if undertaken in conjunction with a plan of demutualization, liquidation, merger, or other form of reorganization".

FISCAL IMPACT:

This bill would increase General Fund/General Purpose revenue by approximately \$15.0 million in FY 2003-04.

Fiscal Analyst: Rebecca Ross

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