
Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 639 (as introduced 9-19-01)
Sponsor: Senator Bill Bullard, Jr.
Committee: Financial Services

Date Completed: 10-30-01

CONTENT

The bill would amend the Insurance Code by deleting claims for "bodily injury or for injury to or destruction of tangible property not under policies" from the Class 2 distribution category in Chapter 81 of the Code, which deals with liquidation of insurance companies.

Under the Code, in the event that an insurance company becomes insolvent, the insurer's estate is disbursed by priority established in Chapter 81. Disbursements are grouped into nine classes, with highest priority disbursements under Class 1. Every claim in each class must be paid in full, or adequate funds must be retained for its payment, before the members of the next class receive payment.

Currently, items in Class Two include all claims under policies for losses incurred, including third party claims, all claims against the insurer for liability for bodily injury or for injury to or destruction of tangible property that are not under policies, and all claims of a guaranty association or foreign guaranty association. All claims under life insurance and annuity policies are treated as loss claims.

MCL 500.8142

Legislative Analyst: C. Layman

FISCAL IMPACT

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

Fiscal Analyst: M. Tyszkiewicz

S0102\s639sa

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.