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House Bill 5149 (as passed by the House)  
Sponsor: Representative Tom Cochran  
House Committee: Insurance  
Senate Committee: Insurance

Date Completed: 3-4-14

### **CONTENT**

**The bill would amend the Insurance Code to specify that accelerated benefits would not include benefits payable under a long-term care policy; and include chronic illness as a qualifying event that would trigger the payment of accelerated benefits.**

The Code regulates accelerated benefits in life insurance policies. "Accelerated benefits" means "benefits payable under a life insurance contract to a policy owner or certificateholder, during the lifetime of the insured, in anticipation of death or upon the occurrence of a specified life-threatening or catastrophic conditions as defined by the policy or rider that reduce the death benefit otherwise payable under the life insurance contract and that are payable upon the occurrence of a single qualifying event that results in the payment of a benefit amount fixed at the time of acceleration". The bill would provide that benefits payable to an insured under a long-term care insurance policy would not be considered accelerated benefits.

The bill would include a "chronic illness" as a qualifying event, and define the term as "a permanent medical condition that results in an individual being unable to attend to basic physical activities such as eating, toileting, bathing, grooming, dressing, or ambulating". A chronic illness also would include a permanent severe cognitive impairment or a similar form of dementia.

Accelerated benefit riders or provisions must comply with certain requirements, which include placing the terminology "accelerated benefit" in the descriptive title and not describing or marketing these provisions or riders as long-term care insurance or benefits. Under the bill, this provision would not apply to life insurance policies or riders that provide directly or supplement long-term care insurance.

MCL 500.603

Legislative Analyst: Jeff Mann

### **FISCAL IMPACT**

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

Fiscal Analyst: Glenn Steffens

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