



**House  
Legislative  
Analysis  
Section**

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**TIAA-CREF SERVICE CENTER**

**House Bill 5511 with committee amendment  
First Analysis (5-23-88)**

**Sponsor: Rep. John Bennett  
Committee: Insurance**

**RECEIVED**

JUL 08 1988

***THE APPARENT PROBLEM:***

The Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF) is a New York-based nonprofit life insurer that specializes in retirement programs for private and public colleges and universities. It is excluded at present from regulation under the Insurance Code because the code does not include as a "transaction of insurance" the transactions by a nonprofit life insurer involving life insurance, disability, or annuity contracts issued directly from the company's home office, without agents or representatives in Michigan, only to or for the benefit of employees of nonprofit educational, scientific, or religious institutions. TIAA-CREF wants to open a "service center" in Michigan to service its extensive business in the state (not to solicit business from the general public), but fears that its salaried employees at the center would be considered "representatives" under the code, which would force the organization to become a licensed insurance company.

organization to have salaried employees staff a service center to service contracts Mich. not intended to permit a sales staff in the state.

***POSITIONS:***

The Insurance Bureau supports the bill. (5-23-88)

H.B. 5511 (5-23-88)

***THE CONTENT OF THE BILL:***

The bill would amend the Insurance Code to allow a nonprofit life insurer exempt from the code because its transactions involve life insurance, disability, or annuity contracts issued directly from its home office only to or for the benefit of employees of nonprofit educational, scientific, or religious institutions, to have representatives in the state to service life insurance, disability, or annuity contracts. (The code would be amended to read that such a nonprofit life insurer would be exempt only if it was "without agents or representatives in this state other than representatives servicing life insurance, disability, or annuity contracts.")

MCL 500.402b

***FISCAL IMPLICATIONS:***

The bill would have no fiscal implications to the state, according to the Department of Licensing and Regulation. (5-19-88)

***ARGUMENTS:***

***For:***

The bill would allow a large non-profit life insurer to open a service center in Michigan without losing its exemption from regulation under the Insurance Code. The employees at the service center would not be competing with commercial life insurers for business among the general public but would be responsible for servicing its already extensive Michigan business among colleges, universities, and other nonprofit scientific or religious organizations. According to information distributed to the House Insurance Committee, the Teachers Insurance and Annuity Association - College Retirement Equities Fund does business with 127 institutions in Michigan, mostly colleges, representing nearly 30,000 individual annuitants. The organization's exemption from the Insurance Code is contingent upon its not having "agents or representatives" in the state. The bill would simply intend to allow the