



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 697 (Substitute S-2 as reported)
Sponsor: Senator Rick Jones
Committee: Judiciary

CONTENT

The bill would add Section 3011 to the Insurance Code to do the following:

- Require a person to submit a report to a designated fire or law enforcement agency if an insured building or other structure suffered loss or damage due to fire or explosion.
- Prohibit an insurer from making further payments on a claim of \$2,000 or more for loss or damage to insured property that was caused by fire or explosion if the insured failed or refused to submit the report within 21 days after receiving a demand for it.
- Provide that Section 3011 would apply only in a city, village, or township that met certain population requirements and opted to apply the proposed requirements.
- Require the Director of the Department of Insurance and Financial Services (DIFS) to prepare and distribute a list of all cities, villages, and townships that elected to apply Section 3011.
- Prescribe procedures for a city, village, or township to be added to, or deleted from, that list.
- Specify that an insurer would not be liable for withholding money in compliance with Section 3011.

Section 3011 would apply only if the fire or law enforcement authority responsible for investigating a fire or explosion were located in a city, village, or township that met the bill's population requirements (described below) and if the city, village, or township, acting under a resolution by its governing body, notified the DIFS Director in writing of both of the following:

- That the city, village, or township had elected to receive reports prepared under Section 3011.
- The name and address of the fire or law enforcement authority the city, village, or township designated to receive those reports.

A city, village, or township could elect to apply Section 3011 if it were located in a county with a population of at least 425,000 or, if located in a county with a lower population, the city, village, or township had a population of at least 50,000.

Proposed MCL 500.3011

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact at the local level, and would result in increased, although likely nominal, administrative burdens at the State level. Since DIFS would be responsible for maintaining a list of municipalities that opted in under the bill's provisions, the Department would see corresponding increased administrative burdens. The Department would need to update and distribute a revised list within 30 days of a request to make any addition or deletion to the list.

Date Completed: 2-26-16

Fiscal Analyst: Glenn Steffens

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Bill Analysis @ www.senate.michigan.gov/sfa

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