

# Legislative Analysis



## GIFT LIMIT FOR LIFE INSURANCE PROVIDERS

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 4704 as reported from committee**  
**Sponsor: Rep. Joseph A. Aragona**  
**Committee: Insurance and Financial Services**  
**Complete to 6-22-23**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bill 4704 would amend the Insurance Code to increase (from \$5 to \$50) the cap on gifts of merchandise that life insurers can provide applicants for a life insurance policy, allow the gifts to be given to policyholders as well as to applicants, and change the cap to apply annually and not on a one-time or cumulative basis.

The act currently provides that sections 2024, 2066, and 2070 (which address rebates, special inducements, and reduction of insurance policies) do not prohibit a life insurer or life insurance agent from giving to each applicant for a life insurance policy an article of merchandise that has an invoice value of \$5 or less.

The bill instead would provide that those sections do not prohibit a life insurer or life insurance producer from giving to each applicant for or an insured under a life insurance policy an article of merchandise that has a cost to the insurer of \$50 or less per calendar year.

MCL 500.2024a

### BACKGROUND:

House Bill 4704 is identical to House Bill 6144 of the 2021-22 legislative session as that bill was passed by the House of Representatives.<sup>1</sup>

As noted in committee testimony, the \$5 limit has not been increased since 1986.

### FISCAL IMPACT:

House Bill 4704 would have no fiscal impact on state or local government.

### POSITIONS:

Representatives of the following entities indicated support for the bill (6-20-23):

- Michigan Manufacturers Association
- Big I Michigan

Legislative Analyst: Alex Stegbauer  
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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.

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<sup>1</sup> <http://legislature.mi.gov/doc.aspx?2022-HB-6144>