Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 543 (as reported without amendment)
Sponsor: Senator Mary Cavanagh
Committee: Finance, Insurance, and Consumer Protection

CONTENT

The bill would amend Chapter 1 (Scope of Code) and Chapter 20 (Unfair and Prohibited Trade Practices and Frauds) of the Insurance Code to increase the monetary penalties that the Director of the Department of Insurance and Financial Services (DIFS) may order against an insurer that violated the Code.

MCL 500.150 & 500.2038

BRIEF RATIONALE

According to testimony, some bad actors in the insurance industry have financially harmed residents. While insurance costs rise, residents are uncertain whether they will receive from their insurance providers what their policy should require. Some have suggested that the insurance industry needs more deterrents against these bad practices, and the bill would establish more accountability and transparency throughout the industry for the protection of residents.

Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bill would have a positive fiscal impact on State and local units of government. The bill would modify the civil fines that the Director of DIFS may impose under the Code. The changes are displayed in the tables.

For violations of the Insurance Code, where a penalty is not otherwise specified, the Director could impose civil fines as follows:

	Current Law	S.B. 543	
	All actors	**Insurer**	**Person other than an Insurer**
Penalty per violation	Not more than $1,000	Not more than $50,000	Not more than $1,000
Penalty per violation, if actor reasonably knew actor was in violation of the Code	Not more than $5,000	Not more than $100,000	Not more than $5,000
Maximum payment under subdivision	$50,000	$500,000	$50,000

For cases for which the Director determined that a person engaged in methods of competition or unfair or deceptive acts or practices, the Director could impose civil fines as follows:

	Current Law	**S.B. 543**	
	All actors	**Insurer**	**Person other than an Insurer**
Penalty per violation	Not more than $1,000	Not more than $50,000	Not more than $1,000
Maximum aggregate penalty for all violations committed in six-month period	$10,000	$100,000	$10,000
Penalty per violation, if actor reasonably knew that actor was in violation of the Code	Not more than $5,000	Not more than $50,000	Not more than $5,000
Maximum aggregate penalty for all violations committed in a six-month period if actor reasonably knew that actor was in violation of the Act	$50,000	$500,000	$50,000

Revenue collected from civil fines is used to support local libraries. The amount of revenue that would be collected and distributed under the bill is indeterminate and dependent on the actual number of violations as well as the amount of the fines actually imposed.

Date Completed: 10-20-25

Fiscal Analyst: Joe Carrasco, Jr.
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