



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 550 (as reported without amendment)
Sponsor: Senator Jeremy Moss
Committee: Finance, Insurance, and Consumer Protection

CONTENT

The bill would amend the Insurance Code to require an insurer's filing of a manual of classification, manual of rules and rates, or a rating plan with the Director of the Department of Insurance and Financial Services (DIFS) to contain specific information, such as rules for insurance ratings and premiums.

MCL 500.2021 et al.

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.

FISCAL IMPACT

The bill would have a minor but likely positive fiscal impact on State and local units of government. Insurers would be subject to civil fines if they were found to be in violation of the new provisions pertaining to plans and manuals. Under current law, the Director of DIFS may impose a civil fine of up to \$1,000 per violation or \$5,000 per violation if the insurer reasonably knew that the insurer was in violation of the Act. The maximum aggregate penalty is \$50,000.

Revenue collected from civil fines is used to support local libraries. The amount of revenue to the State or for local libraries 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.

It is possible that DIFS could incur minor costs associated with investigating violations of the bill's provisions.

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