

EXECUTIVE REORGANIZATION ORDER

E.R.O. No. 2013-1

550.991 Creation of department of insurance and financial services; transfer of powers and duties of commissioner of office of financial and insurance regulation to director of department of insurance and financial services by type III transfer; abolishment; transfer of autism coverage reimbursement program from department of licensing and regulatory affairs to department of insurance and financial services.

WHEREAS, Section 1 of Article V of the Michigan Constitution of 1963 vests the executive power of the state of Michigan in the Governor; and

WHEREAS, Section 2 of Article V of the Michigan Constitution of 1963 empowers the Governor to make changes in the organization of the Executive Branch or in the assignment of functions among its units that he considers necessary for efficient administration; and

WHEREAS, Section 8 of Article V of the Michigan Constitution of 1963 provides that each principal department shall be under the supervision of the Governor unless otherwise provided by the Constitution; and

WHEREAS, there is a continued need to reorganize functions among state departments to ensure efficient administration; and

WHEREAS, the insurance and financial services industries are significant components of our state economy, directly employing over 150,000 Michigan residents and generating more than \$9 billion in annual payroll; and

WHEREAS, Michigan is home to over 300 state banks and credit unions and 149 insurance companies are domiciled here. Michigan serves as a port of entry and chief U.S. regulator for 5 Canadian insurance companies, and nearly 1,500 foreign insurance companies also do business in this state; and

WHEREAS, it is an important function of state government to protect consumers of insurance and financial services products through public information and effective regulation; and

WHEREAS, the world of insurance and financial services is rapidly changing, health insurance is becoming more accessible, and digital banking is revolutionizing the way that money is used; and

WHEREAS, consolidating all functions related to the regulation of insurance and financial services into a new Department of Insurance and Financial Services will provide a focal point of consumer protection, enable efficient and effective regulation, and position the insurance and financial services sector of Michigan's economy for growth;

NOW, THEREFORE, I, Richard D. Snyder, Governor of the state of Michigan, by virtue of the powers and authority vested in the Governor by the Michigan Constitution of 1963 and Michigan law, order the following:

I. DEFINITIONS

As used in this Order:

A. "Autism Coverage Reimbursement Program" means the program created under the Autism Coverage Reimbursement Act, 2012 PA 101, MCL 550.1831 to 1841.

B. "Commissioner" means the head of the Office of Financial and Insurance Regulation.

C. "Department of Licensing and Regulatory Affairs" means the principal department of state government created as the Department of Commerce under Section 225 of the Executive Organization Act of 1965, 1965 PA 380, MCL 16.325, renamed the Department of Consumer and Industry Services under Executive Order 1996-2, MCL 445.2001, renamed the Department of Labor and Economic Growth under Executive Order 2003-18, MCL 445.2011, and renamed the Department of Licensing and Regulatory Affairs under Executive Order 2011-4, MCL 445.2030.

D. "Department of Insurance and Financial Services" means the principal department of state government created under Section II of this Order.

E. "Office of Financial and Insurance Regulation" means the Office of Financial and Insurance Services created by Executive Order 2000-4, MCL 445.2003, renamed the Office of Financial and Insurance Regulation under Executive Order 2008-2, MCL 445.2005, and reorganized under Executive Order 2012-13.

F. "State Budget Director" means the individual appointed by the Governor pursuant to Section 321 of The Management Budget Act, 1984 PA 431, MCL 18.1321.

G. "Type III transfer" means that phrase as defined in Section 3 of the Executive Organization Act of 1965, 1965 PA 380, MCL 16.103.

II. CREATION OF THE DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

A. The Department of Insurance and Financial Services is created as a principal department in the executive

branch of state government. The Department shall regulate the insurance and financial services industries in this state.

B. The Department shall be headed by a Director of Insurance and Financial Services who shall be appointed by the Governor, with the advice and consent of the Michigan Senate commencing on the date of this Order. The individual appointed as the Director shall serve as a member of the Governor's Cabinet.

C. The position of the Commissioner of the Office of Financial and Insurance Regulation as a member or chairperson of all of the following boards or commissions is transferred to the Director of the Department of Insurance and Financial Services:

- a. State Employees Retirement System Board. MCL 38.3(1)(a).
- b. Interstate Insurance Product Regulation Compact Commission. MCL 3.1031 Art. II (4), (5) & (8).
- c. State Advisory Council on Mental Health and Aging. MCL 330.1941(1).
- d. Governing Board, Data Collection Agency for Workers Compensation Data. MCL 500.2402(2)(f).
- e. Catastrophic Claims Association Board. MCL 500.3104(13).
- f. Multiple Employer Welfare Arrangement Security Fund Board of Trustees. MCL 500.7080(2).

III. TRANSFER OF OFFICE OF FINANCIAL AND INSURANCE REGULATION FUNCTIONS

A. All the authority, powers, duties, functions and responsibilities of the Commissioner of the Office of Financial and Insurance Regulation created by Executive Order 2000-4, and amended by Executive Order 2008-2, Executive Order 2011-4, and Executive Order 2012-13 are hereby transferred by a Type III transfer to the Director of the Department of Insurance and Financial Services as defined by Section 3 of Act No. 380 of the Public Acts of 1965, as amended, being Section 16.103 of the Michigan Compiled Laws.

B. Any and all statutory or other references to the Office of Financial and Insurance Regulation not inconsistent with this Order shall be deemed references to the Department of Insurance and Financial Services.

C. Any and all statutory or other references to the Commissioner of the Office of Financial and Insurance Regulation not inconsistent with this Order shall be deemed references to the Director of the Department of Insurance and Financial Services.

D. The Office of Financial and Insurance Regulation and the Office of Commissioner of the Office of Financial and Insurance Regulation are hereby abolished.

IV. TRANSFER OF AUTISM COVERAGE REIMBURSEMENT PROGRAM FUNCTIONS

The Autism Coverage Reimbursement Program created under the Autism Coverage Reimbursement Act, 2012 PA 101, MCL 550.1831 to 1841, together with all the authority, powers, duties, functions, responsibilities, records, personnel, property, unexpended balances of appropriations, allocations of other funds, including functions of budgeting and procurement, are transferred from the Department of Licensing and Regulatory Affairs to the Department of Insurance and Financial Services. The Director of the Department of Insurance and Financial Services shall replace the Director of the Department of Licensing and Regulatory Affairs as a member of the Autism Council created by Executive Order 2012-11.

V. IMPLEMENTATION OF TRANSFERS

A. The Director of the Department of Insurance and Financial Services shall provide executive direction and supervision for the implementation of all transfers of authority under this Order.

B. The Director of the Department of Insurance and Financial Services and the Director of the Department of Licensing and Regulatory Affairs shall immediately coordinate in order to facilitate the transfer and develop memoranda of record identifying any pending settlements, issues of compliance with applicable federal and state laws and regulations, or other obligations to be resolved related to the authority being transferred.

C. The Director of the Department of Insurance and Financial Services shall establish the internal organization of the Department and allocate and reallocate duties and functions to promote economic and efficient administration and operation of the Department. The Director of the Department of Insurance and Financial Services shall supervise the staff of the Department and shall be responsible for its day-to-day operations.

D. The State Budget Director shall determine and authorize the most efficient manner possible for handling financial transactions and records in the state's financial management system as necessary for the implementation of this Order.

E. The Director of the Department of Insurance and Financial Services may by written instrument delegate a duty or power conferred by law or this Order and the person to whom such duty or power is so delegated may perform such duty or exercise such power at the time and to the extent such duty or power is delegated by the Director of the Department of Insurance and Financial Services.

VI. MISCELLANEOUS

A. All records, personnel, and property used, held, employed, or to be made available to the Office of Financial and Insurance Regulation and the Department of Licensing and Regulatory Affairs for the activities, powers, duties, functions, and responsibilities transferred by this Order are hereby transferred to the Department of Insurance and Financial Services.

B. All unexpended balances of appropriations, allocations, and other funds used, held, employed, or to be made available to the Office of Financial and Insurance Regulation and the Department of Licensing and Regulatory Affairs for the activities, powers, duties, functions, and responsibilities transferred by this Order are hereby

transferred to the Department of Insurance and Financial Services.

C. All rules, orders, contracts, plans, and agreements relating to the functions transferred to the Department of Insurance and Financial Services by this Order lawfully adopted prior to the effective date of this Order shall continue to be effective until revised, amended, or rescinded.

D. Any suit, action, or other proceeding lawfully commenced by, against, or before any entity transferred to the Department of Insurance and Financial Services by this Order shall not abate by reason of the taking effect of this Order. Any lawfully commenced suit, action, or other proceeding may be maintained by, against, or before the appropriate successor of any entity affected by this Order.

E. The invalidity of any portion of this Order shall not affect the validity of the remainder of the Order, which may be given effect without any invalid portion. Any portion of this Order found invalid by a court or other entity with proper jurisdiction shall be severable from the remaining portions of this Order.

In fulfillment of the requirements of Section 2 of Article V of the Michigan Constitution of 1963, the provisions of this Order shall be effective 60 days after the filing of this Order.

History: 2013, E.R.O. No. 2013-1, Eff. Mar. 19, 2013

Compiler's Notes: Executive Reorganization Order No. 2013-1 was promulgated January 17, 2013 as Executive Order No. 2013-1, Eff. Mar. 19, 2013. For transfer of autism coverage reimbursement program from department of licensing and regulatory affairs to department of insurance and financial services, see E.R.O. No. 2013-1, compiled at MCL 550.991.