

**SUBSTITUTE FOR
HOUSE BILL NO. 5174**

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 1915 (MCL 500.1915), as amended by 2006 PA 644.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1915. (1) A licensee may ~~not charge , in addition to the~~
2 ~~premium charged by an unauthorized insurer, a fee to cover the~~
3 ~~costs incurred in the placement of the indemnity which exceeds~~
4 ~~\$50.00, unless all of the following conditions are met:~~

5 ~~(a) The fee in excess of \$50.00 is filed with the commissioner~~
6 ~~and not disapproved by the commissioner within 30 days of the date~~
7 ~~it is filed with the commissioner.~~

8 ~~(b) The fee exceeds \$50.00 only to the extent that the actual~~
9 ~~additional costs incurred for services performed by persons or~~



1 ~~entities unrelated to the licensee exceed that amount.~~ **a fee as**
 2 **follows:**

3 (a) For a surplus lines insurance policy, a fee in addition to
 4 a commission only if the fee is not included in the premium and the
 5 fee is reasonable to cover underwriting and other expenses that are
 6 unique to surplus lines.

7 (b) For a personal lines insurance policy, a fee not to exceed
 8 the greater of \$100.00 or 10% of the personal lines insurance
 9 policy premium.

10 (2) ~~All of the following apply to a fee charged pursuant to~~
 11 ~~under subsection (1): shall~~

12 (a) **The fee must** not be excessive or discriminatory. The
 13 licensee shall maintain complete documentation of all fees charged
 14 ~~pursuant to subsection (1) (b). These fees shall and evidence of the~~
 15 **disclosure required under subdivision (b).**

16 (b) **The fee must be fully disclosed in detail to the insured,**
 17 **whether directly or through another licensed insurance producer, in**
 18 **writing before the sale. The fee must be separately itemized on any**
 19 **of the following:**

20 (i) **The policy declarations page.**

21 (ii) **The billing statement.**

22 (iii) **Other documentation provided to the purchaser setting**
 23 **forth the cost of the policy.**

24 (c) **The fee must** not be included as a part of the policy
 25 premium in the computation of premium taxes.

26 ~~(3) The \$50.00 fee prescribed in subsection (1) shall be~~
 27 ~~adjusted June 1, 2008 and annually thereafter to reflect the~~
 28 ~~percentage of change in the consumer price index.~~

29 ~~(4) As used in this section, "consumer price index" means the~~



1 ~~consumer price index for all urban consumers in the United States~~
2 ~~city average for all items, as most recently reported by the United~~
3 ~~States department of labor, bureau of labor statistics, and as~~
4 ~~certified by the commissioner in an administrative bulletin.~~

