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## INSURANCE COMMISSIONER REPORT AMENDMENT

House Bill 4819 as introduced  
First Analysis (6-5-01)

Sponsor: Rep. Larry Julian  
Committee: Insurance and Financial  
Services

### ***THE APPARENT PROBLEM:***

Public Act 226 of 1994 amended the Insurance Code to require the commissioner of the Office of Financial and Insurance Services (OFIS) to submit an annual report to the House and Senate standing committees on insurance issues and to the regulatory subcommittees of the Appropriations Committees of each house. The report, due by September 1 of each year, is to provide details of all receivership activities of the commissioner and OFIS pertaining to the liquidation of insolvent insurers for the immediately preceding calendar year.

Public Act 228 of 1994 amended the insurance code to impose new regulatory fees on both insurers who are authorized to do business in the state—including nonprofit health care corporations, dental care corporations, and health maintenance organizations—and unauthorized insurers. However, the law specifies that these fees do not apply unless, by September 1 of each year, the commissioner submits the report discussed above.

OFIS devotes a significant amount of time and money to preparing and producing the basic report and its various appendices. An OFIS spokesperson testified that the 2000 report cost \$27,780; the 1999 report cost about \$30,000; and at least one earlier report cost over \$50,000. The end product is a massive opus consisting of several tomes, which are probably read by very few individuals.

### ***THE CONTENT OF THE BILL:***

House Bill 4819 would eliminate the requirement that the commissioner must prepare or submit such a report. The regulatory fees on authorized and unauthorized insurers would continue to apply.

MCL 500.224

### ***FISCAL IMPLICATIONS:***

Fiscal information is not available.

### ***ARGUMENTS:***

#### ***For:***

The original intent of the commissioner's report on receivership and liquidation activities was to make information about those activities publicly available in response to a complaint that there was not enough "sunshine" on the process. The report has proven to be an extremely expensive and ineffective means of realizing its intent. According to OFIS, the Auditor General already reviews its receivership operations to determine whether statutory requirements are being met, and interested parties are entitled to review those findings. (The Office of the Auditor General reports that it reviews OFIS's receivership activities approximately once every five years.) Upon request, legislators would still have access to any information that is currently required to be published in the report—including, but not limited to a list of insurers who are in receivership and subject to liquidation. By freeing time and money that could be spent on responding to requests for specific information from consumers and legislators, the bill would likely lead to more sunshine on the process than currently exists, since the very size of the report may discourage people from reading it.

### ***POSITIONS:***

The Office of Financial and Insurance Services supports the bill. (5-31-01)

Analyst: J. Caver

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.