



Senate Fiscal Agency
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Senate Bill 715 (Substitute S-1 as reported)
Sponsor: Senator Tom Casperson
Committee: Insurance

CONTENT

The bill would add Chapter 22A to the Insurance Code to do the following regarding a certificate of insurance for property or casualty coverage:

- Prohibit a person from issuing a certificate of insurance that would alter the coverage provided by an insurance policy referred to in the certificate, or that contained false or misleading information concerning a policy, or requiring the issuance of a certificate with false or misleading information regarding a policy.
- Provide that a certificate would not represent an insurer's obligation to give notice of cancellation or renewal to a person, and that a person would have a right to notice of cancellation only under the terms of an insurance policy.
- Prescribe administrative remedies for violations of Chapter 22A.
- Prescribe a civil fine of up to \$500 per violation, or up to \$2,500 per violation if the person knew or reasonably should have known that he or she was violating Chapter 22A, up to a maximum of \$25,000; and provide for injunctive relief.

MCL 500.2270-500.2277

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would result in an indeterminate increase in revenue at the State level, and an indeterminate increase in court caseloads at the local government level.

State: Fines for violations of proposed Chapter 22A would be directed to the State General Fund. As it is unknown how many violations would occur, any resulting increase in the General Fund is indeterminate.

The Department of Insurance and Financial Services (DIFS) would incur additional administrative expenses regarding charging individuals with violations of Chapter 22A, and holding hearings for alleged violations. According to DIFS, any increases in administrative expenses would be covered by current revenue sources.

Local: The bill would increase caseloads at the circuit court level. The bill would authorize the Director of DIFS to apply to the Ingham County 30th Circuit Court for an injunction relating to violations of Chapter 22A. Also, challenges to administrative hearing decisions or orders may be appealed to the circuit court of the county in which the petitioner resides, or to the Ingham County 30th Circuit Court. Since it is unknown how many violations and subsequent challenges would occur, and how many injunctions the Director would pursue, the potential increase in cases is indeterminate.

Date Completed: 3-20-14

Fiscal Analyst: Glenn Steffens

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Bill Analysis @ www.senate.michigan.gov/sfa

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