

**SUBSTITUTE FOR
SENATE BILL NO. 765**

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2025; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the department of insurance and financial services for the fiscal year ending September 30, 2025, from the following funds:

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

(1) APPROPRIATION SUMMARY

Full-time equated unclassified positions	6.0
Full-time equated classified positions	400.5

1	GROSS APPROPRIATION		\$ 79,271,400
2	Interdepartmental grant revenues:		
3	Total interdepartmental grants and		
4	intradepartmental transfers		753,500
5	ADJUSTED GROSS APPROPRIATION		\$ 78,517,900
6	Federal revenues:		
7	Total federal revenues		700,000
8	Special revenue funds:		
9	Total local revenues		0
10	Total private revenues		0
11	Total other state restricted revenues		77,817,900
12	State general fund/general purpose		\$ 0
13	(2) DEPARTMENTAL ADMINISTRATION AND SUPPORT		
14	Full-time equated unclassified positions	6.0	
15	Full-time equated classified positions	23.5	
16	Unclassified salaries--FTEs	6.0	\$ 955,500
17	Administrative hearings		173,700
18	Department services--FTEs	20.0	4,127,900
19	Executive director programs--FTEs	3.5	916,800
20	Property management		1,389,100
21	Worker's compensation		1,200
22	GROSS APPROPRIATION		\$ 7,564,200
23	Appropriated from:		
24	Interdepartmental grant revenues:		
25	IDG from MDLARA, for debt management		72,100
26	Special revenue funds:		
27	Bank fees		598,800

1	Captive insurance regulatory and supervision		
2	fund		57,000
3	Consumer finance fees		292,000
4	Credit union fees		985,000
5	Deferred presentment service transaction fees		265,200
6	Insurance bureau fund		2,409,700
7	Insurance continuing education fees		67,500
8	Insurance licensing and regulation fees		2,036,700
9	MBLSLA fund		778,900
10	Multiple employer welfare arrangement		1,300
11	State general fund/general purpose	\$	0
12	(3) INSURANCE AND FINANCIAL SERVICES REGULATION		
13	Full-time equated classified positions	377.0	
14	Consumer services and protection--FTEs	107.0	17,470,600
15	Financial institutions evaluation--FTEs	140.0	25,574,900
16	Insurance evaluation--FTEs	130.0	26,042,600
17	GROSS APPROPRIATION	\$	69,088,100
18	Appropriated from:		
19	Interdepartmental grant revenues:		
20	IDG from MDLARA, for debt management		656,200
21	Federal revenues:		
22	Federal revenues		700,000
23	Special revenue funds:		
24	Bank fees		6,913,100
25	Captive insurance regulatory and supervision		
26	fund		790,200
27	Consumer finance fees		2,857,800
28	Credit union fees		8,798,400

1	Deferred presentment service transaction fees	2,371,100
2	Insurance bureau fund	26,455,100
3	Insurance continuing education fees	1,022,700
4	Insurance licensing and regulation fees	11,613,400
5	MBLSLA fund	6,821,000
6	Multiple employer welfare arrangement	89,100
7	State general fund/general purpose	\$ 0
8	(4) INFORMATION TECHNOLOGY	
9	Information technology services and projects	2,369,100
10	GROSS APPROPRIATION	\$ 2,369,100
11	Appropriated from:	
12	Interdepartmental grant revenues:	
13	IDG from MDLARA, for debt management	25,200
14	Special revenue funds:	
15	Bank fees	147,300
16	Captive insurance regulatory and supervision	
17	fund	13,700
18	Consumer finance fees	73,300
19	Credit union fees	248,900
20	Deferred presentment service transaction fees	50,000
21	Insurance bureau fund	466,400
22	Insurance continuing education fees	9,000
23	Insurance licensing and regulation fees	1,143,400
24	MBLSLA fund	191,900
25	State general fund/general purpose	\$ 0
26	(5) ONE-TIME APPROPRIATIONS	
27	Auto insurance reform study	250,000
28	GROSS APPROPRIATION	\$ 250,000

1	Appropriated from:	
2	Special revenue funds:	
3	Insurance licensing and regulation fees	250,000
4	Total other state restricted revenues	250,000
5	State general fund/general purpose	\$ 0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2024-2025

GENERAL SECTIONS

11 Sec. 201. In accordance with section 30 of article IX of the
12 state constitution of 1963, for the fiscal year ending September
13 30, 2025, total state spending under part 1 from state sources is
14 \$77,871,900.00 and state spending from state sources to be paid to
15 local units of government for the fiscal year ending September 30,
16 2025 is \$0.00.

17 Sec. 202. The appropriations authorized under this part and
18 part 1 are subject to the management and budget act, 1984 PA 431,
19 MCL 18.1101 to 18.1594.

20 Sec. 203. As used in this part and part 1:

21 (a) "Department" means the department of insurance and
22 financial services.

23 (b) "Director" means the director of the department.

24 (c) "FTE" means full-time equated.

25 (d) "IDG" means interdepartmental grant.

26 (e) "LARA" means the department of licensing and regulatory
27 affairs.

28 (f) "MBLSLA fund" means the restricted account established
29 under section 8 of the mortgage brokers, lenders, and servicers

1 licensing act, 1987 PA 173, MCL 445.1658.

2 (g) "Subcommittees" means the subcommittees of the house of
3 representatives and senate appropriations committees on the
4 department budget.

5 Sec. 204. The department shall use the internet to fulfill the
6 reporting requirements of this part. This requirement includes
7 transmitting reports to required recipients by email and posting
8 the reports on an internet site.

9 Sec. 205. Except as otherwise provided in this part, all
10 reports required under this part must be submitted to the
11 subcommittees, the senate and house fiscal agencies, the senate and
12 house policy offices, and the state budget office.

13 Sec. 206. To the extent permissible under section 261 of the
14 management and budget act, 1984 PA 431, MCL 18.1261, all of the
15 following apply to funds appropriated in part 1:

16 (a) The funds must not be used for the purchase of foreign
17 goods or services, or both, if competitively priced and of
18 comparable quality American goods or services, or both, are
19 available.

20 (b) Preference must be given to goods or services, or both,
21 manufactured or provided by Michigan businesses, if they are
22 competitively priced and of comparable quality.

23 (c) Preference must be given to goods or services, or both,
24 that are manufactured or provided by Michigan businesses owned and
25 operated by veterans, if they are competitively priced and of
26 comparable quality.

27 Sec. 207. The department shall not take disciplinary action
28 against an employee of the department who is in the state
29 classified civil service because the employee communicates with a

1 member of the senate or house or a member's staff, unless the
2 communication is prohibited by law and the department is exercising
3 its authority as provided by law.

4 Sec. 208. Consistent with section 217 of the management and
5 budget act, 1984 PA 431, MCL 18.1217, each department and agency
6 receiving appropriations in part 1 shall prepare a report on out-of-
7 state travel expenses not later than January 1. The report must
8 list all travel by classified and unclassified employees outside
9 this state in the preceding fiscal year that was funded in whole or
10 in part with funds appropriated in the department's or agency's
11 budget. The department shall submit the report to the senate and
12 house appropriations committees and to report recipients required
13 in section 213. The report must include all of the following
14 information:

15

16 (a) The dates of each travel occurrence.

17 (b) The total transportation and related expenses of each
18 travel occurrence and the proportions funded with state general
19 fund/general purpose revenues, state restricted revenues, federal
20 revenues, and with other revenues.

21 Sec. 209. (1) The department shall not use funds appropriated
22 in part 1 to hire a person to provide legal services that are the
23 responsibility of the attorney general. This section does not apply
24 to legal services for bonding activities or to outside legal
25 services that the attorney general authorizes.

26 (2) The department shall make timely reimbursement to the
27 department of the attorney general for legal services provided by
28 the department of the attorney general to the department. If the
29 department fails to make timely reimbursement, the department of

1 the attorney general may increase the amount billed to include a
2 penalty for late reimbursement. As used in this section, "timely
3 reimbursement" means reimbursement not later than 60 days after the
4 department receives a bill for the legal services from the
5 department of the attorney general.

6 Sec. 210. Not later than December 15, the state budget office
7 shall prepare and submit a report that provides estimates of the
8 total general fund/general purpose appropriation lapses at the
9 close of the prior fiscal year. This report must summarize the
10 projected year-end general fund/general purpose appropriation
11 lapses by major departmental program or program areas. The state
12 budget office shall transmit the report to the chairpersons of the
13 senate and house appropriations committees.

14 Sec. 211. (1) In addition to the funds appropriated in part 1,
15 there is appropriated an amount not to exceed \$200,000.00 for
16 federal contingency authorization. The funds for federal
17 contingency authorization are not available for expenditure until
18 they have been transferred to another line item in part 1 under
19 section 393(2) of the management and budget act, 1984 PA 431, MCL
20 18.1393.

21 (2) In addition to the funds appropriated in part 1, there is
22 appropriated an amount not to exceed \$1,000,000.00 for state
23 restricted contingency authorization. The funds for state
24 restricted contingency authorization are not available for
25 expenditure until they have been transferred to another line item
26 in part 1 under section 393(2) of the management and budget act,
27 1984 PA 431, MCL 18.1393.

28 Sec. 212. The department shall cooperate with the department
29 of technology, management, and budget to maintain a searchable

1 website accessible by the public at no cost that includes, but is
2 not limited to, all of the following for the department:

3 (a) Fiscal-year-to-date expenditures by category.

4 (b) Fiscal-year-to-date expenditures by appropriation unit.

5 (c) Fiscal-year-to-date payments to a selected vendor,
6 including the vendor name, payment date, payment amount, and
7 payment description.

8 (d) The number of active department employees by job
9 classification.

10 (e) Job specifications and wage rates.

11 Sec. 213. Not later than 14 days after the release of the
12 executive budget recommendation, the department shall cooperate
13 with the state budget office to provide an annual report on
14 estimated state restricted fund balances, state restricted fund
15 projected revenues, and state restricted fund expenditures for the
16 previous 2 fiscal years. The report must be submitted as required
17 under section 205 and to the chairpersons of the senate and house
18 appropriations committees.

19 Sec. 215. To the extent permissible under the management and
20 budget act, 1984 PA 431, MCL 18.1101 to 18.1594, the director shall
21 take all reasonable steps to ensure that geographically-
22 disadvantaged business enterprises compete for and perform
23 contracts to provide services or supplies, or both. The director
24 shall strongly encourage firms with which the department contracts
25 to subcontract with geographically-disadvantaged business
26 enterprises for services, supplies, or both. As used in this
27 section, "geographically-disadvantaged business enterprises" means
28 that term as defined in Executive Directive No. 2023-1.

29 Sec. 216. (1) On a quarterly basis, the department shall

1 report on the number of full-time equated positions in pay status
2 by civil service classifications. The report must include all of
3 the following information:

4 (a) A comparison by line item of the number of full-time
5 equated positions authorized from funds appropriated in part 1 to
6 the actual number of full-time equated positions employed by the
7 department at the end of the reporting period.

8 (b) A detailed accounting of all vacant positions that exist
9 within the department.

10 (c) A detailed accounting of all vacant positions that are
11 health-care-related.

12 (d) A detailed accounting of vacant positions that are being
13 held open for temporary nonactive employees.

14 (2) As used in this section, "vacant position" means any
15 position that has not been filled at any time during the past 12
16 calendar months.

17 Sec. 219. The department shall receive and retain copies of
18 all reports funded from appropriations in part 1. The department
19 shall follow federal and state guidelines for short-term and long-
20 term retention of records. The department may electronically retain
21 copies of reports unless otherwise required by federal or state
22 guidelines.

23 Sec. 220. Not later than April 1, the department shall report
24 on each specific policy change made to implement a public act
25 affecting the department that took effect during the previous
26 calendar year. The department shall submit the reports as required
27 under section 205 and to the senate and house appropriations
28 committees and the joint committee on administrative rules.

29 Sec. 221. (1) From the funds appropriated in part 1, the

1 department shall do the following:

2 (a) Report as required under section 205 to the senate and
3 house appropriations committees any amounts of severance pay for a
4 department director, deputy director, or other high-ranking
5 department official not later than 14 days after a severance
6 agreement with the director or official is signed. The name of the
7 director or official and the amount of severance pay must be
8 included in the report required by this subdivision.

9 (b) Not later than February 1, report on the total amount of
10 severance pay remitted to former department employees during the
11 fiscal year ending September 30, 2024, and the total number of
12 former department employees that were remitted severance pay during
13 the fiscal year ending September 30, 2024.

14 (2) As used in this section, "severance pay" means
15 compensation that is both payable or paid on the termination of
16 employment and in addition to either wages or benefits earned
17 during the course of employment or generally applicable retirement
18 benefits.

19 Sec. 223. (1) Funds appropriated in part 1 must not be used to
20 restrict or impede a marginalized community's access to government
21 resources, programs, or facilities.

22 (2) From the funds appropriated in part 1, local governments
23 shall report any action or policy that attempts to restrict or
24 interfere with the duties of the local health officer.

25 Sec. 224. Unless prohibited by law, the department may accept
26 credit card or other electronic means of payment for licenses,
27 fees, or permits.

28 Sec. 226. From the funds appropriated in part 1 from the
29 insurance bureau fund, funds may be expended to support legislative

1 participation in insurance activities coordinated by insurance and
2 legislative associations, in accordance with section 225 of the
3 insurance code of 1956, 1956 PA 218, MCL 500.225.

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5 **INSURANCE AND FINANCIAL SERVICES REGULATION**

6 Sec. 301. The department shall provide a report to
7 subcommittees, the senate and house fiscal agencies, and the state
8 budget office by September 30 based on the annual rate filings from
9 health insurance issuers that includes all of the following:

10 (a) The number that are approved by the department.

11 (b) The number that are denied by the department.

12 (c) The percentage of rate filings processed within the
13 applicable statutory time frames.

14 (d) The average number of calendar days to process rate
15 filings.

16 (e) The justification for approved rate filings.

17 (f) The average percentage change in rates.

18 (g) The number of rejections by the department per rate
19 filing.

20 Sec. 302. In addition to the funds appropriated in part 1, the
21 funds collected by the department in connection with a
22 conservatorship under section 32 of the mortgage brokers, lenders,
23 and servicers licensing act, 1987 PA 173, MCL 445.1682, and funds
24 collected by the department from corporations being liquidated
25 under the insurance code of 1956, 1956 PA 218, MCL 500.100 to
26 500.8302, must be appropriated for all expenses necessary to
27 provide for the required services. Funds are available for
28 expenditure when they are received by the department of treasury
29 and must not lapse to the general fund at the end of the fiscal

1 year. The total amount appropriated under this section and section
2 303 must not exceed \$1,000,000.00.

3 Sec. 303. The department may make available to interested
4 entities customized listings of nonconfidential information in its
5 possession. The department may establish and collect a reasonable
6 charge to provide this service. The revenue from this service is
7 appropriated when received and must be used to offset expenses to
8 provide the service. Any balance of this revenue collected and
9 unexpended at the end of the fiscal year must lapse to the
10 appropriate restricted fund. The total amount appropriated under
11 this section and section 302 must not exceed \$1,000,000.00.

12 Sec. 304. The department must electronically transmit the
13 annual report prepared under section 238 of the insurance code of
14 1956, 1956 PA 218, MCL 500.238, and section 2108 of the banking
15 code of 1999, 1999 PA 276, MCL 487.12108, to the recipients
16 required under section 205 at the time of the publication of the
17 report.

18 Sec. 305. The department shall update examination manuals and
19 letters of guidance to state-chartered financial institutions as
20 necessary to reflect how the department will evaluate institutions
21 that provide banking or other financial services to marihuana-
22 related businesses or businesses that transport, test, grow,
23 process, or sell marihuana, based on state statute and guidance.
24 The department may also include guidance or information on how
25 federal law and regulations may impact state-chartered
26 institutions.

27 Sec. 306. The department shall provide a report to
28 subcommittees, the senate and house fiscal agencies, and the state
29 budget office by September 30 based on the annual rate filings from

1 auto insurance issuers that includes all of the following:

2 (a) The number that are approved by the department.

3 (b) The number that are denied by the department.

4 (c) The percentage of rate filings processed within the
5 applicable statutory time frames.

6 (d) The average number of calendar days to process rate
7 filings.

8 (e) The justification for approved rate filings.

9 (f) The average percentage change in rates.

10 (g) The number of rejections by the department per rate
11 filing.

12 Sec. 307. From the funds appropriated in part 1, from the
13 insurance bureau fund, the department shall expend \$1,500,000 to
14 increase 5.0 FTEs to provide customer service related to auto
15 insurance and auto accident care claims. At least 1.0 FTE must be
16 designated to assist catastrophic accident survivors.

17 Sec. 308. By February 1, 2025, the department shall create a
18 plan to establish satellite offices to provide in-person services
19 to customers. The plan must consider demographic variables and
20 analyze areas of this state with the highest needs when choosing
21 locations for satellite offices. The department may partner with
22 the secretary of state to meet the requirements of this section.

23

24 **ONE-TIME APPROPRIATIONS**

25 Sec. 401. From the funds appropriated in part 1 for auto
26 insurance reform study, by April 30, 2025, the department must
27 contract with a university or research institute that has specialty
28 in auto insurance research to conduct a study of the effects of the
29 auto insurance reform in 2019. The study must include the impact of

1 the reform on costs, participants, demographics of those impacted,
2 access to care, access to providers, and the total impact on
3 insured accident victims and long-term care providers since 2019.

4 Sec. 402. From the funds appropriated in part 1, the
5 department must conduct a study of the insulin market in this state

1 and submit recommendations to the legislature to lower the price of
2 insulin and increase access to insulin for individuals. The study
3 must include information and data regarding insurers, pharmacy
4 benefit managers, pharmacies, insulin consumers, and any other
5 relevant stakeholders when creating recommendations to lower the
6 price of insulin and increase access to insulin for individuals.