



**House  
Legislative  
Analysis  
Section**

Washington Square Building, Suite 1025  
Lansing, Michigan 48909  
Phone: 517/373-6466

**INSURANCE ASSOCIATIONS**

**RECEIVED**

Senate Bill 707 (Substitute H-2) 1 5 1988  
Senate Bill 852 as passed the Senate  
Sponsor: Sen. Dick Posthumus, State Law Library

Senate Bill 851 as passed the Senate  
Sponsor: Sen. Norman D. Shinkle

Senate Committees: Commerce and  
Technology (SB 707); Government  
Operations (SBs 851 and 852)  
House Committee: Insurance

Complete to 6-28-88

**A SUMMARY OF SENATE BILLS 707 (H-2), 851 (S-1), AND 852 (AS INTRODUCED)**

Senate Bill 707 would amend the Insurance Code to validate retroactively any plan of operation adopted by an "association or facility" created under the code as a nonprofit organization of insurer members, and to validate any premium or assessment levied against an insurer member. The bill specifies that such an association or facility, or its board of directors, would not be a state agency, its money would not be state money, its records would be exempt from the Freedom of Information Act, and premiums or assessments it levied would not be a "burden or special burden" for purposes of the retaliatory tax or included in determining the aggregate amount a foreign insurer must pay under that tax. Organizations the bill would apply to are the Worker's Compensation Placement Facility, the Basic Property Insurance Association, the Catastrophic Claims Association, the Automobile Insurance Placement Facility, the Life and Health Insurance Guaranty Association, and the Property and Casualty Guaranty Association.

Senate Bill 707 would also amend the code in two other ways. (1) It would transfer from the Insurance Bureau to the Revenue Division of the Department of Treasury the powers, duties, and responsibilities associated with the administration and collection of the premiums and retaliatory taxes imposed on insurance companies and the power to collect tax on unauthorized insurers. (2) It would clarify that foreign insurance companies must make quarterly payments of taxes equal to one-quarter of the sum of the total tax paid in the previous calendar year under both the Insurance Code and the Single Business Tax Act or equal to one-quarter of 80 percent of the actual tax liability of the company for the current year. (MCL 500.134 et al.)

Senate Bill 851 would amend the Administrative Procedures Act to exempt from the provisions of the act an insurance association or facility created under the Insurance Code as a nonprofit organization of insurance members. (MCL 24.203)

Senate Bill 852 would amend the Open Meetings Act to provide that the act's provisions would not apply to an insurance association or facility created under the Insurance Code as a nonprofit organization of insurance members. (MCL 15.263)

Senate Bills 707, 851 and 852 (6-28-88)