

SFA

BILL ANALYSIS

Senate Fiscal Agency

• Lansing, Michigan 48909

• (517) 373-5383

RECEIVED

MAR 15 1988

Mich. State Law Library

Senate Bill 707

Sponsor: Senator Dick Posthumus

Committee: Commerce and Technology

Date Completed: 2-22-88

SUMMARY OF SENATE BILL 707 as introduced 2-16-88:

The bill 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. The bill also would validate any premium or assessment levied against an insurer member of such an association or facility, and the bill specifies that any plan of operation, premium, or assessment would continue in force and effect according to its terms until changed by the Insurance Commissioner or the board of directors of the association or facility.

In addition, the bill specifies that such an association or facility, or its board of directors, would not be considered a State agency for purposes of the Administrative Procedures Act (APA); or a public body for the purposes of the Open Meetings Act or the Freedom of Information Act; and that the money of the association or facility would not be considered State money.

The bill would apply, but would not be limited to, the following organizations:

- The Michigan Worker's Compensation Placement Facility, created under Chapter 23 of the Code.
- The Michigan Basic Property Insurance Association, created under Chapter 29 of the Code.
- The Catastrophic Claims Association, created under Chapter 31 of the Code.
- The Michigan Automobile Insurance Placement Facility, created under Chapter 33 of the Code.
- The Michigan Life and Health Insurance Guaranty Association, created under Chapter 77 of the Code.
- The Property and Casualty Guaranty Association, created under Chapter 79 of the Code.

The bill specifies that it is "intended to codify, approve, and validate the actions and long-standing practices taken by the associations and facilities...retroactively to the time of their original creation". The bill also provides that its intent is "to rectify the misconstruction of the applicability" of the APA by the Court of Appeals in League General

Insurance Company v Catastrophic Claims Association, Case No. 93744, December 21, 1987, regarding the imposition of rule promulgation requirements on the Catastrophic Claims Association as a State agency. Further, the bill specifies its intent to "assure that the associations and facilities mentioned in [the bill], and their respective boards of directors, shall not hereafter be treated as a state agency or public body".

MCL 500.134

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: J. Schultz

8788 S707SA:S8788

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.