



**House
Legislative
Analysis
Section**

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ELECT INSURANCE COMMISSIONER

House Bills 5396-5398 as introduced
First Analysis (4-1-92)

Sponsor: Rep. Kirk A. Profit
Committee: Insurance

THE APPARENT PROBLEM:

In Michigan, the insurance commissioner is appointed to a four-year term by the governor with the advice and consent of the Senate. Some people believe the insurance commissioner would be a more effective, independent, and accountable regulator if the office were an elected one.

THE CONTENT OF THE BILL:

The bills would provide for the election, rather than the appointment, of the state's insurance commissioner, beginning with the 1994 election. Generally speaking, the insurance commissioner would be treated like the attorney general and secretary of state: nominated by a political party at the fall state convention to run in the general election as a statewide candidate for a four-year term. House Bill 5396 would amend the Michigan Election Law (MCL 168.71 et al.). House Bill 5397 would amend the Insurance Code (MCL 500.202 and 500.204). House Bill 5398 would amend the campaign finance act (MCL 169.212) to include the insurance commissioner under the term "state elective office." The bills are tie-barred to one another.

FISCAL IMPLICATIONS:

There is no information at present.

ARGUMENTS:

For:

An elected insurance commissioner would be an independent regulator accountable to the people rather than a gubernatorial puppet. Being elected would give the commissioner greater status and influence and make him or her a more of "a player" in public policy debates, a voice for the people and not just another department head or a tool of industry.

Against:

What evidence has been presented to suggest that a change of this nature is necessary or desirable? Where is there information indicating that the 12 states that currently elect their insurance commissioners have superior insurance departments? There is potential for harm in the proposal. It would require candidates for a regulatory office to engage in a substantial amount of political fundraising to mount statewide campaigns. Is this an improvement? Would this produce a voice of the people? The office could become a "stepping stone" office held by those more concerned about their own futures than the current problems of the insurance industry and consumer. Or, as some have predicted, it could be the kind of office in which an incumbent becomes entrenched and impossible to dislodge. Would this improve the functioning of the office? Currently, the insurance commissioner is appointed by a governor who is directly answerable to the voters. That seems sufficient. Under its current constitution, a constitution that appears to insulate certain positions from "politics" through the use of commissions, the state has not elected an insurance commissioner. It would be a mistake to take such action hastily in the midst of conflict over automobile insurance issues. At the very least, such a proposal should be tied to campaign finance reform that would limit the use of money from special interests.

Response:

Some of these concerns seem strange in a state that elects an attorney general, a secretary of state, supreme court justices, university trustees, and state school board members statewide after being nominated by political parties. It is left to the voters in these cases to decide who is merely ambitious, who deserves to be entrenched, and who represents their interests versus "special" interests.

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POSITIONS:

A representative of the Insurance Bureau testified in opposition to the bill before the House Insurance Committee. (3-31-92)