

HOUSE BILL No. 4773

May 1, 1991, Introduced by Reps. DeLange and Horton and referred to the Committee on Insurance.

A bill to amend section 2409 of Act No. 218 of the Public Acts of 1956, entitled as amended
"The insurance code of 1956,"
as added by Act No. 8 of the Public Acts of 1982, being section 500.2409 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 2409 of Act No. 218 of the Public Acts
2 of 1956, as added by Act No. 8 of the Public Acts of 1982, being
3 section 500.2409 of the Michigan Compiled Laws, is amended to
4 read as follows:

5 Sec. 2409. (1) The commissioner shall hold a public hearing
6 and shall issue a tentative report detailing the state of compe-
7 tition in the worker's compensation insurance market on a
8 statewide basis and delineating specific classifications, kinds
9 or types of insurance, if any, where competition does not exist

1 not later than January 15, 1984 and each year thereafter. The
2 report shall be based on relevant economic tests, including but
3 not limited to those in subsection (3). The findings in the
4 report shall not be based on any single measure of competition,
5 but appropriate weight shall be given to all measures of
6 competition. The report shall include a certification of whether
7 or not competition exists. Any person who disagrees with the
8 report and findings of the commissioner may request a contested
9 hearing pursuant to THE ADMINISTRATIVE PROCEDURES ACT OF 1969,
10 Act No. 306 of the Public Acts of 1969, as amended, being sec-
11 tions 24.201 to ~~24.315~~ 24.328 of the Michigan Compiled Laws,
12 not later than 60 days after issuance of the tentative report.

13 (2) Not later than August 1, 1984 and each year thereafter,
14 the commissioner shall issue a final report which shall include a
15 final certification of whether or not competition exists in the
16 worker's compensation insurance market. The final report and
17 certification shall be supported by substantial evidence.

18 (3) All of the following shall be considered by the commis-
19 sioner for purposes of subsections (1) and (2):

20 (a) The extent to which any insurer controls the worker's
21 compensation insurance market, or any portion ~~thereof~~ OF THAT
22 MARKET. With respect to competition on a statewide basis, an
23 insurer shall not be considered to control the worker's compensa-
24 tion insurance market unless it has more than a 15% market
25 share. This subdivision shall not apply to the state accident
26 fund.

1 (b) Whether the total number of companies writing worker's
2 compensation insurance in this state is sufficient to provide
3 multiple options to employers.

4 (c) The disparity among worker's compensation insurance
5 rates and classifications to the extent that such classifications
6 result in rate differentials.

7 (d) The availability of worker's compensation insurance to
8 employers in all geographic areas and all types of business.

9 (e) The residual market share.

10 (f) The overall rate level which is not excessive, inade-
11 quate, or unfairly discriminatory.

12 (g) Any other factors the commissioner considers relevant.

13 (4) The reports and certifications required under subsec-
14 tions (1) and (2) shall be forwarded to the governor, the clerk
15 of the house, the secretary of the senate, all the members of the
16 house of representatives committees on insurance and labor, and
17 all the members of the senate committees on commerce and labor.
18 ~~and retirement.~~

19 (5) ~~Not later than 90 days after receipt of the final~~
20 ~~report and final certification, the legislature, by concurrent~~
21 ~~resolution, shall approve or disapprove the certification by a~~
22 ~~majority roll call vote in each house.~~ IF THE COMMISSIONER CER-
23 TIFIES THAT COMPETITION DOES NOT EXIST, THE LEGISLATURE, BY CON-
24 CURRENT RESOLUTION, SHALL APPROVE OR DISAPPROVE THE CERTIFICATION
25 BY A MAJORITY ROLL-CALL VOTE IN EACH HOUSE NOT LATER THAN 90 DAYS
26 AFTER RECEIPT OF THE FINAL REPORT AND FINAL CERTIFICATION. If the

1 certification is approved, the commissioner shall proceed under
2 section 2409a.