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INS. COMPANIES: REPORT INFO

House Bill 5440
Sponsor: Rep. Gregory E. Pitoniak
Committee: Insurance

Complete to 3-4-96

A SUMMARY OF HOUSE BILL 5440 AS INTRODUCED 11-30-95

Reporting of Revenue and Expenditures. Beginning March 1, 1996, each domestic, foreign (out-of-state), and alien (out-of-country) insurer authorized to transact insurance in the state would be required to file with the insurance commissioner and the National Association of Insurance Commissioners (NAIC) the following information about each line of their insurance business in the state for the preceding year: direct earned premiums, earned premiums net of reinsurance, direct incurred losses, incurred losses net of reinsurance, incurred loss adjustment expenses, agents' commissions, additional operating expenses, dividends to policyholders, underwriting profit and the formula for calculating it, realized investment return from allocated reserves, realized investment return from allocated capital and surplus, realized investment return from balances due to agents, federal taxes, reserves attributable to that line of insurance, capital and surplus attributable to that line of insurance, and anticipated losses. The insurance commissioner would have to develop a form for the filing of information before December 1, 1995.

Report on Medical Losses, Lawsuits, Etc. Beginning July 1, 1996, each auto insurer would have to report annually to the insurance commissioner on the dollar amount of losses paid and the dollar amount of losses incurred for work loss, survivor's loss, and medical and rehabilitation coverages and on the number of suits filed by insureds against the company, categorized according to whether a suit is a first party suit, a third party suit, or a combination of the two. The commissioner would be required to develop a form for the report by February 1, 1996.

Penalty for Violations of Chapter 21. A company violating Chapter 21 of the code (which is known as the Essential Insurance Act and deals with the underwriting and rating of auto and home insurance) would be subject to a civil fine of not more than $5,000 per violation. If a violation resulted in an overcharge of a premium, the company would be required to return the amount of the overcharge immediately with interest calculated at six-month intervals from the date of overpayment at a rate of interest equal to the rate on five-year Treasury notes plus one percent.

Stolen Vehicles Report. Beginning July 1, 1996, each auto insurer would have to report annually to the insurance commissioner on automobile theft claims, including all of the following by vehicle identification number: all autos insured by the insurer reported stolen in the immediately preceding year; all payments made by the insurer for stolen vehicles in the immediately preceding year; and the number of recovered stolen vehicles insured by the insurer and their salvage value and any fees paid by the insurer for storage in the immediately preceding year. The commissioner would have to develop a form for the report by February 1, 1996. The commissioner would be required to report annually on this information to the standing committees on insurance issues in the state House and Senate.

MCL 500.483b et al.

■This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.