



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 974 (Substitute S-1 as reported)
Sponsor: Senator Mike Rogers Committee:
Financial Services

CONTENT

The bill would amend the Insurance Code to delete provisions under which insurers may not issue or deliver forms until they have been filed with the Insurance Bureau and approved by the Commissioner; specify that insurers that belonged to a rating organization could not issue a form developed by the organization until the form had been filed and approved; authorize the Commissioner to disapprove any form under certain circumstances; permit the Commissioner to require that insurers file for prior approval forms that had a tendency not to conform to the Code; and allow the Commissioner to request that insurers provide him or her with copies of specific forms in use.

The bill also contains provisions concerning the use of rating packages by casualty and property insurers. The bill specifies that insurers would not have to file a rating package unless required to do so by order of the Commissioner; insurers would have to file rating packages that were prepared by a rating organization; the Commissioner could order a rating package to be filed only if a reasonable degree of competition did not exist with respect to a specific classification, kind, or type of insurance; and insurers would have to maintain complete records of their rating packages and make them available for inspection upon the Commissioner's request.

In addition, the bill provides that a disability or life insurance policy could not be delivered or issued unless a copy of the form, any printed rider or endorsement form, and, if it were required and were to be made a part of the policy or contract, any written application, was filed with and approved by the Commissioner as conforming with the requirements of the Code and not inconsistent with law.

MCL 500.2236 et al.

Legislative Analyst: S. Margules

FISCAL IMPACT

The bill would change the way rates and forms are regulated for property casualty insurance. The Commissioner would no longer require that insurers file their forms and rates with the Bureau but would require insurers to keep their rates and forms on site subject to examination by the Commissioner.

This change would reduce the administrative responsibilities for the Bureau, but it is unclear as to the extent to which this would lead to administrative savings as there would be no reduction in staff. The Bureau believes that with the increased efficiency there would be some long-term administrative savings.

Date Completed: 5-20-96

Fiscal Analyst: M. Barsch

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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.