



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 1022 (Substitute S-1 as reported)
Sponsor: Senator Michael J. Bouchard
Committee: Financial Services

CONTENT

The bill would amend the Insurance Code to delete provisions under which insurers may not use forms until they have been filed with the Insurance Bureau and approved by the Insurance Commissioner; specify circumstances under which the Commissioner could disapprove or withdraw approval of a form; and permit the Commissioner to request that insurers provide him or her with copies of specific forms in use for new or old business. The bill would make these changes in chapters that govern basic insurance policy forms, disability insurance policies, group and blanket disability insurance, life insurance policies, and group life insurance. The bill also provides that a form or document issued in this State by an insurer that conformed with the Code and was not inconsistent with law would be approved until the Commissioner took action to disapprove or withdraw approval of the form or document.

In addition, the bill contains provisions concerning the use of rating packages by disability 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.

MCL 500.2236 et al.

Legislative Analyst: S. Margules

FISCAL IMPACT

This bill would require group disability and personal protection insurers to maintain their own files of rates and forms as opposed to filing them with the Insurance Bureau, as currently required. This new requirement would make the insurers subject to examination by the Bureau to ensure conformity with the Insurance Code. The Insurance Bureau anticipates a reduction in administrative costs as greater efficiency would be realized through this new process. It is difficult to determine the actual amount of these savings as they would be realized over time.

Date Completed: 5-21-96

Fiscal Analyst: M. Barsch

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