



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

**BILL ANALYSIS**

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

Senate Bill 1025 (as reported without amendment)  
Sponsor: Senator Michael J. Bouchard  
Committee: Financial Services

**CONTENT**

The bill would amend the Insurance Code to authorize the Insurance Commissioner to issue a cease and desist order for various actions, permit a person who received a cease and desist order to contest the order, and specify civil penalties for violation of a cease and desist order.

In the reasonable exercise of discretion, the Insurance Commissioner could issue a cease and desist order if he or she found that a person was conducting insurance transactions or acting as an insurance agent, solicitor, adjuster, or counselor without a certificate of authority or license required under the Code; a person was engaged in an act or practice in the business of insurance without having received authority or given notification as required; or a person authorized to engage in the insurance business was engaged in conduct that presented an immediate danger to public health, safety, or welfare. A cease and desist order would have to describe the conduct to which it applied and require the person immediately to cease and desist from that conduct. The Commissioner would have to serve the order directly on the person affected by it, or serve the person by registered or certified mail.

A person could contest an order by requesting a hearing before the Commissioner, not later than 30 days after the order was delivered or mailed to the person. Within 10 days, the Commissioner would have to hold a hearing; pending the hearing, the order would continue in full force and effect, unless stayed by the Commissioner. Within five business days after the hearing, the Commissioner would have to affirm, modify, or set aside, in whole or in part, the cease and desist order.

A person who violated or failed to comply with a cease and desist order would be subject to payment of a civil fine of up to \$1,000 for each violation, up to \$30,000. If the person knew or reasonably should have known that he or she was in violation of the order, the fine would be up to \$25,000 for each violation, up to \$250,000. The person's license or certificate of authority also could be suspended or revoked, and he or she could be ordered to make complete restitution to all persons in Michigan damaged by the violation or failure to comply. The Commissioner could recover reasonable attorney fees, if judicial action were necessary for enforcement of a cease and desist order.

Proposed MCL 500.251

Legislative Analyst: P. Affholter

**FISCAL IMPACT**

This bill would allow the Bureau to impose punitive measures on individuals acting as a representative of the insurance industry without the appropriate license. This bill would have no fiscal impact on the Insurance Bureau as similar punitive measures are already in place. It could, however, increase the revenue for the State as the civil fines that would be collected would revert to the General Fund. It is difficult to determine the exact amount of revenue these fines would generate as there is no way to predict the number of individuals who would be found in noncompliance.

Date Completed: 5-17-96

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.