



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 1163 (as reported with amendments)
Sponsor: Senator Michael J. Bouchard
Committee: Financial Services

CONTENT

The bill would amend the Insurance Code to do the following:

- Provide for direct service of a summons and complaint on an insurer, rather than requiring service of process upon the Insurance Commissioner, beginning July 1, 1996.
- Allow the Commissioner to sue for an injunction regardless of whether administrative proceedings had been initiated.
- Authorize the Commissioner to issue subpoenas without court approval.
- Revise the amount of cash or securities that foreign insurers must deposit for a stay of a suspension or revocation order.
- Delete requirements that the Commissioner report annually to the Legislature on receivership activities of the Commissioner and the Insurance Bureau.
- Require the Commissioner to issue annual, rather than biannual, reports on the state of competition in the workers' compensation insurance market and in the commercial liability insurance market.
- Repeal requirements that professional health care liability insurers and municipal liability insurers submit certain information to the Commissioner, and that the Commissioner report on those claims experiences.

MCL 500.150 et al.

Legislative Analyst: S. Margules

FISCAL IMPACT

This bill provides for a number of changes to current practice. First, it would allow a complainant to serve a summons on any company directly as opposed to the current practice of serving the Commissioner. This change would reduce the number of summonses served on the Commission and therefore would reduce the amount of revenue for the Department of Consumer and Industry Services as each complainant is charged a \$5 service fee. This change should have no real fiscal impact on the Department as this fee was established to cover the administrative costs associated with the processing, mailing, and tracking of these summonses.

Second, the bill would eliminate the compiling, copying, and mailing of the second report detailing the state of competition in the commercial liability insurance market, and the second report detailing the state of competition in the workers' compensation insurance market. Only one report would be issued annually for each topic. The elimination of this second report would save the Department approximately \$1,000 annually (\$500 per report) by reducing its printing and mailing costs.

Finally this bill would eliminate the report by the Commissioner detailing the insurance issues and all receivership activities of the Commission. The estimated cost for publishing the report is \$50,000, which is billed back to those companies in receivership. By eliminating this reporting requirements, the bill would reduce the charges billed to these companies and the administrative responsibilities of the Department.

Date Completed: 9-26-96

Fiscal Analyst: M. Tyszkiewicz

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