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**SFA****BILL ANALYSIS**

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Senate Bill 783 (Substitute S-1 as reported)  
Senate Bill 784 (Substitute S-1 as reported)  
Sponsor: Senator Bill Bullard, Jr.  
Committee: Financial Services

### **CONTENT**

Senate Bills 783 (S-1) and 784 (S-1) would amend the Nonprofit Health Care Corporation Reform Act and the Insurance Code, respectively, to allow the insurance company formed by the health care corporation to transact disability insurance limited to replacement of loss of earnings or to act as a disability insurance plan limited to replacement of loss of earnings.

Currently, the Nonprofit Health Care Corporation Reform Act (which governs Blue Cross and Blue Shield of Michigan) allows the health care corporation to form a domestic stock insurance company for the purpose of acquiring, owning, and operating the State Accident Fund as long as, among other things, the insurer only transacts worker's compensation insurance and employer's liability insurance, acts as an administrative services organization for an approved self-insured worker's compensation plan, and does not transact any other type of insurance.

Under the Insurance Code, if an acquiring insurer is a domestic stock insurer owned by a nonprofit health care corporation formed under the Nonprofit Healthcare Corporation Reform Act, then the acquiring insurer may transact only worker's compensation insurance and employer's liability insurance, and act as an administrative services organization for an approved self-insured worker's compensation plan.

Under the bills, for insurance products and services, the insurer directly or indirectly also could transact disability insurance limited to replacement of loss of earnings, or act as a disability insurance plan limited to replacement of loss of earnings. The bills would not preclude the insurer from providing either directly or indirectly noninsurance products and services as otherwise provided by law.

MCL 550.1207 (S.B. 783)  
500.5104 (S.B. 784)

Legislative Analyst: N. Nagata

### **FISCAL IMPACT**

Senate Bills 783 (S-1) and 784 (S-1) would allow the Accident Fund of Michigan to begin offering disability insurance to its customers. This change could generate additional assessment revenue for the Insurance Bureau, should the Accident Fund have an increase in premiums, but without information regarding the number of policies sold, it is difficult to determine at what level that revenue would be.

Date Completed: 10-13-99

Fiscal Analyst: M. Tyszkiewicz

floor\sb783 (S-1)

Analysis available @ <http://www.michiganlegislature.org>

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.