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REPORTS ON STATE OF COMPETITION: REVISE PROCEDURES

House Bill 6327

Sponsor: Rep. Clark Bisbee

Committee: Insurance and Financial
Services

Complete to 9-18-02

A SUMMARY OF HOUSE BILL 6327 AS INTRODUCED 9-17-02

The Insurance Code has required, since 1984, that the commissioner of the Office of Financial and Insurance Services (OFIS) and his predecessors and the legislature determine whether or not competition exists throughout the worker's compensation insurance market. If it is determined that competition does not exist, whether in the market as a whole, in a certain geographic area, or for certain kinds of insurance, then the commissioner is empowered to employ the means necessary to create competition. A similar determination exists for determining the availability of worker's compensation coverages and the state of competition in the commercial liability insurance market. Currently, the commissioner is required to make a tentative report no later than January 15 detailing his or her findings. The bill would amend the Insurance Code to make the following changes in the procedures utilized for these reports:

- For the report on the state of competition in the worker's compensation market, specify that beginning in 2002, the commissioner must hold a hearing and issue a report no later than January 15, 2002 and each year after 2002.

- Specify that if the results of the report were disputed or if the commissioner determined that circumstances that the report were based on had changed, he or she would have to issue a supplemental report not later than August 1 immediately following the release of the initial report.

- Currently, if an insurer has more than a 15 percent market share, the insurer is considered to control the worker's compensation insurance market. The bill would increase this threshold to 22 percent of market share. In addition, the commissioner could no longer use self-insurers or group self-insurers as allowed under Chapter 65 of the code in making a determination of market share.

- For the report on competition in the commercial liability market, specify that beginning in 2002, the commissioner would have to hold a public hearing and issue a report no later than September 1, 2002 and each year after 2002.

- Specify that if the results of the report were disputed or if the commissioner determined that circumstances that the report were based on had changed, he or she would have to issue a supplemental report not later than May 1 immediately following the release of the initial report.

MCL 500.2409 et al.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.