

Senate Fiscal Agency
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SFA



BILL ANALYSIS

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House Bill 4783 (as reported without amendment)
Sponsor: Representative Alan Sanborn
House Committee: Insurance and Financial Services
Senate Committee: Financial Services

CONTENT

The bill would amend the Insurance Code to allow the Michigan Automobile Insurance Placement Facility to disqualify an agent from placing automobile insurance through the Facility if the agent persistently violated the Facility's rules contained in its plan of operation. The bill also would require the Facility to notify the agent and the Commissioner of the Office of Financial and Insurance Services of the disqualification; allow the agent to request a hearing for disqualification before the Facility's board of governors; allow the agent to appeal the disqualification ruling to the Commissioner; and require the Facility to amend its plan of operation to establish standards and procedures for disqualifying an agent.

(Under Chapter 33 of the Insurance Code, every insurer authorized to write automobile insurance in Michigan is required to participate in the Michigan Automobile Insurance Placement Facility in order to ensure that automobile insurance coverage will be available to any person who is unable to obtain it through ordinary methods, and to promote price competition by encouraging maximum use of the normal private insurance system. The Facility's operations are directed by an 11-member board of governors, which includes seven members elected pursuant to the Facility's plan of operation, and four members appointed by the Commissioner.)

MCL 500.3355

Legislative Analyst: N. Nagata

FISCAL IMPACT

The bill would allow for an appeal to the Commissioner, which would increase responsibilities and could increase costs. The Office of Financial and Insurance Services has no information regarding the potential number of appeals; therefore the annual costs are unknown.

Date Completed: 10-4-01

Fiscal Analyst: M. Tyszkiewicz