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SFA**BILL ANALYSIS**

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House Bill 6327 (as passed by the House)
Sponsor: Representative Clark Bisbee
House Committee: Insurance and Financial Services
Senate Committee: Financial Services

Date Completed: 12-3-02

CONTENT

The bill would amend the Insurance Code to revise the information that the Commissioner of the Office of Financial and Insurance Services (OFIS) must consider when issuing an annual report detailing the state of competition in the workers' compensation insurance market; and revise the deadline for the Commissioner to issue an annual report on the state of competition in the commercial liability insurance market.

Currently, the Commissioner must issue an annual report detailing the state of competition in the workers' compensation insurance market on a statewide basis, and delineating specific classification, kinds or types of insurance, if any, where competition does not exist. The Code contains a list of items the Commissioner must consider for the report, including the extent to which any insurer controls all or a portion of the workers' compensation insurance market. With respect to competition on a statewide basis, an insurer may not be considered to control the workers' compensation insurance market unless it has more than a 15% market share. The bill would increase this threshold to 22%. Further, in making this determination, the Commissioner currently must use all insurers in the State, including self-insurers and group self-insurers. The bill would prohibit the Commissioner from using self-insurers or group self-insurers in determining market control.

Presently, regarding the workers' compensation insurance market annual report, the Commissioner must issue a tentative report by January 15 each year, and a final report by August 1 each year. The bill instead would require the Commissioner, beginning in 2002, to issue the report by January 15 each year. If the results of the report were disputed or if the Commissioner determined that circumstances on which the report was based had changed, the Commissioner would have to issue a supplemental report to the original report, by August 1. As with the final report currently required, the supplemental report would have to be supported by substantial evidence.

Presently, the Commissioner must issue a tentative report detailing the state of competition in the commercial liability insurance market by January 15 each year, and a final report by August 1. The bill instead would require the Commissioner, beginning in 2002, to issue the report by September 1 each year. If the results of the report were disputed or if the Commissioner determined that circumstances on which the report was based had changed, the Commissioner would have to issue a supplemental report to the original report, by May 1 the following year.

MCL 500.2409 et al.

Legislative Analyst: George Towne

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Maria Tyszkiewicz