



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 6098 (Substitute H-1 as passed by the House)
Sponsor: Representative Joe Hune
House Committee: Insurance
Senate Committee: Banking and Financial Institutions

Date Completed: 11-29-06

CONTENT

The bill would amend the Insurance Code to allow an insurance producer to charge an administrative fee for providing copies of documents associated with a policy, but not for services related to the initial issuance of a policy.

Specifically, an insurance producer could charge an administrative fee for providing multiple copies of the same document associated with an insurance policy if the amount charged were related reasonably to recouping the administrative overhead associated with providing the service, and if the insurance producer provided a schedule of the administrative fees upon request. An insurance producer could not charge an administrative fee for services performed with the initial issuance of an insurance policy.

Notwithstanding these provisions, an insurance producer could charge an administrative fee in connection with a transaction of surplus lines insurance in an amount that the producer considered appropriate.

In addition, the bill would repeal Section 1915 of the Code, which prohibits a licensee from charging, in addition to the premium charged by an unauthorized insurer, a fee over \$25 to cover the costs incurred in the placement of the policy, unless the fee over \$25 is approved by rule of the Commissioner of the Office of Financial and Insurance Services, and the fee exceeds \$25 only to the extent needed to cover actual additional costs incurred for services performed by people or entities unrelated to the licensee. The fee may not be excessive or discriminatory, and the licensee must maintain complete documentation of all fees charged under this provision.

Proposed MCL 500.1241

Legislative Analyst: Curtis Walker

FISCAL IMPACT

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

Fiscal Analyst: Elizabeth Pratt
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