



Senate Fiscal Agency
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House Bill 5792 (Substitute S-1 as reported)
Sponsor: Representative Pete Lund
House Committee: Insurance
Senate Committee: Insurance

CONTENT

The bill would amend Chapter 13 (Holding Companies) of the Insurance Code to do the following:

- Require a person seeking divestiture of its controlling interest to file a confidential notice of the proposed divestiture with the Director of the Department of Insurance and Financial Services in advance of the transaction.
- Require a person seeking to merge with or acquire a controlling interest in an insurer to file an annual enterprise risk report with the Director.
- Provide that a controlling person of an insurance holding company would not be required to file an enterprise risk report if the person had owned the controlling interest in the voting securities of the insurer since January 1, 2000, and met other conditions.
- Allow the Director to hold a public hearing to receive evidence and hear parties affected by the merger or acquisition of an insurer.
- Expand the transactions between a domestic insurer and a person in its holding company that are subject to a requirement for prior notice to the Director.
- Allow the Director to order an insurer to produce information not in the insurer's possession if the insurer could obtain the information through other methods.
- Specify that certain documents and information disclosed to the Director would not be subject to discovery or admissible as evidence in any civil or administrative action, and would not be subject to subpoena or the Freedom of Information Act.
- Allow the Director to share documents and information or enter into agreements to share documents and information with regulatory and law enforcement entities.
- Allow the Director to participate in a supervisory college for a domestic insurer that is a part of a holding company with international operations.

MCL 500.102 et al.

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have a minor, but potentially positive, fiscal impact on the State and no fiscal impact on local units of government. The bill would allow the Director of the Department of Insurance and Financial Services to levy a civil fine of up to \$1,000 per day upon an insurer that provided a meritless explanation as to why it was unable to produce certain information. It is unknown how much revenue would be generated from these fines, but the fines would be credited to the State General Fund.

Date Completed: 12-17-14

Fiscal Analyst: Josh Sefton