

Legislative Analysis



ELIMINATE ANNUAL STATEMENT FILING FEE FOR FOREIGN AND ALIEN INSURERS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4224 as passed by the House w/o amendment
Sponsor: Rep. Tom Barrett
Committee: Insurance
Complete to 4-16-15

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

The bill would amend the Insurance Code (MCL 500.240 & 438) to eliminate the \$25 filing fee for the annual statement that foreign (out-of-state) and alien (out-of-country) insurance companies must file with the director of the Department of Insurance and Financial Services.

The bill also contains a number of technical, clean-up amendments; for example, replacing the term "commissioner" with the term "director" to recognize the creation of the new Department of Insurance and Financial Services, and changing the term "agent" to "producer."

FISCAL IMPACT:

House Bill 4224 would have a nominal negative fiscal impact on the Department of Insurance and Financial Services (DIFS) to the extent that HB 4224 would eliminate the \$25 annual statement filing fee; however, it is unlikely that the loss of revenue generated by the fee eliminated by HB 4224 would significantly impact DIFS operations. Over the past three fiscal years, this fees generated an average of \$31,595 in revenue, which is deposited into the Insurance Licensing and Regulation Fees Fund and expended to support the operation of DIFS. DIFS expended \$7.2 million of the \$8.4 million appropriated from the Fund in FY 2013-14; resulting in a carryforward balance of \$4.1 million at the close of FY 2013-14.

BACKGROUND INFORMATION:

According to committee testimony, the bill was requested by the Department of Insurance and Financial Services. A DIFS spokesperson said that these statements are obtained from the National Association of Insurance Commissioners (NAIC), so a filing fee is no longer appropriate.

POSITIONS:

The Department of Insurance and Financial Services supports the bill. (3-5-15)
The Michigan Insurance Coalition indicated support for the bill. (3-5-15)
Farmers Insurance indicated support for the bill. (3-5-15)

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