

Legislative Analysis



INSURERS: CONFIDENTIALITY OF TRADE SECRETS

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<http://www.house.mi.gov/hfa>

House Bill 4354 as introduced
Sponsor: Rep. Michael Webber
Committee: Insurance

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

Complete to 4-8-15

SUMMARY:

The bill would allow certain required filings of insurance companies selling automobile, home, and workers compensation insurance to be exempt from the Freedom of Information Act as trade secrets, with the approval of the director of the Department of Insurance and Financial Services.

The Insurance Code requires insurance companies to file manuals of classification, rules, and rates, and rating plans, for automobile, home insurance, and workers compensation insurance with the director of the Department of Insurance and Financial Services. Currently the code says that such filings and accompanying information are open for public inspection.

House Bill 4354 would say, instead, that such filings and information are public records under the Freedom of Information Act but a company, or a rating organization filing on a company's behalf, could designate a filing or any accompanying information as a trade secret. If the DIFS director determines a filing or accompanying information is a trade secret, then they would be exempt from the Freedom of Information Act.

The term "trade secret" is defined in the Uniform Trade Secrets Act as information, including a formula, pattern, compilation, program, device, method, technique, or process, that both: (1) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

MCL 500.2108 and 2406

FISCAL IMPACT:

The bill would not have a significant fiscal impact on the state or local units of government.

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