



**Senate Fiscal Agency**  
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BILL



ANALYSIS

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House Bill 4354 (Substitute H-1 as passed by the House)  
Sponsor: Representative Michael Webber  
House Committee: Insurance  
Senate Committee: Insurance

Date Completed: 6-16-15

### **CONTENT**

**The bill would amend the Insurance Code to do the following:**

- **Allow an insurer or a rating organization filing on the insurer's behalf to designate information in certain required filings or any accompanying information as a trade secret.**
- **Require the insurer or rating organization to demonstrate to the Director of the Department of Insurance and Financial Services that the designated information was a trade secret.**
- **Provide that information determined to be a trade secret would not be subject to public inspection and would be exempt from the Freedom of Information Act.**

The Code requires most property and casualty insurers and rating organizations filing on the insurers' behalf to file with the Director a manual of classification, a manual of rules and rates, or a rating plan that the insurer proposes to use. Certain types of insurance also require the filing of every minimum, class rate, rating schedule, and every other rating rule. The filings and accompanying information are open for public inspection. The bill would allow an insurer or a rating organization filing on the insurer's behalf to designate information included in the filing or accompanying information as a trade secret. If the Director determined that the information was a trade secret, the information would not be subject to public inspection and would be exempt from the Freedom of Information Act.

Under the Code, at least annually, an insurer must send to the policyholder of an auto or home insurance contract a written notice that certain required information regarding how the rates and premiums of the policy have been determined is available to the insured upon request. The bill states that an insurer would not be required to provide an insured with information that was a trade secret.

Currently, every rating organization and insurer that makes its own rates must furnish to the insured affected by a rate or the insured's authorized representative all pertinent information as to the rate. The bill specifies that pertinent information would not include information that was a trade secret as determined by the Director.

"Trade secret" would mean that term as defined in the Uniform Trade Secrets Act: 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.

The bill would take effect 90 days after its enactment.

MCL 500.2021 et al.

Legislative Analyst: Ryan M. Bergan

**FISCAL IMPACT**

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

Fiscal Analyst: Glenn Steffens

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.