

Legislative Analysis



SURPLUS LINES POLICY FEES

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

House Bill 5174 as introduced
Sponsor: Rep. Daire Rendon
Committee: Insurance
Complete to 11-6-19

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

SUMMARY:

House Bill 5174 would amend the Insurance Code to modify the fees that can be charged by a holder of a license to act as an agent or broker of surplus lines insurance.

Under the code, a surplus lines licensee cannot charge a fee of over \$50 to cover costs incurred in placing the indemnity unless both of the following apply:

- The fee is filed with the director of the Department of Insurance and Financial Services (DIFS) and is not disapproved within 30 days.
- The fee exceeds \$50 only to the extent that actual additional costs for services performed by persons unrelated to the licensee exceed that amount. (The licensee must keep complete documentation of these fees.)

The code provides for the \$50 cap to be adjusted for inflation beginning June 1, 2008, and annually thereafter. Additionally, under the code, a fee charged by a licensee cannot be excessive or discriminatory and cannot be included as part of the premium when computing premium taxes.

House Bill 5174 would revise the above provisions to allow a surplus lines licensee to charge a reasonable per-policy fee for each surplus lines insurance policy. The fee would have to be itemized separately to the customer before the customer purchased the policy, and the fee could not be included as part of the policy premium when computing premium taxes.

MCL 500.1915

FISCAL IMPACT:

House Bill 5174 would not have a significant fiscal impact on any unit of state or local government.

Legislative Analyst: Rick Yuille
Fiscal Analyst: Marcus Coffin

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